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Algeria... 4.00 Dn. Israel... 4.20 Dn. Norway... 4.00 Nkr.  
Austria... 17.5 S. Italy... 1200 Lit. China... 0.700 Rmb.  
Belgium... 0.450 Dn. Jordan... 450 Dn. Portugal... 60 Esc.  
Bolivia... 27 Lf. Kenya... 300 Sh. Saudi Arabia... 4.00 R.  
Canada... C\$1.10 Lebanon... 1500 Lf. Spain... 165 Ptas.  
Cyprus... 420 Mls. Libya... 1.00 Dn. South Africa... 6.00 R.  
Denmark... 7.00 Dkr. Luxembourg... 366 Ffr. Sweden... 4.60 Sfr.  
Egypt... 100 P. Monaco... 300 Ffr. Switzerland... 7.20 Sfr.  
Finland... 6.00 Fmk. Netherlands... 2.20 Dfl. Taiwan... 1.200 Dn.  
France... 5.00 F. Morocco... 20 Dhs. Turkey... 1.200 L.  
Germany... 2.30 Dmk. Oman... 200 R. U.A.E. 3.00 Dir.  
Great Britain... 40 P. Pakistan... 100 Rs. U.S. (Bar)... \$0.85  
Greece... 40 Dn. Netherlands... 2.20 Dfl. U.S. (Bar)... \$0.85  
Hong Kong... 175 Hk. Nigeria... 170 K. Yugoslavia... 70 D.

ESTABLISHED 1867

## Pope Defends Union Rights

By Michael Dobbs  
Washington Post Service  
KATOWICE, Poland — Pope John Paul II traveled to Poland's industrial heartland Monday to make his strongest affirmation of the right of workers to form free trade unions.

He said the right was given to them by God, not by the state. For the first time on his trip, the pope referred directly to the Solidarity trade union that was outlawed by Poland's Communist authorities after the imposition of martial law in December 1981.

His words were greeted by prolonged applause and cheering from the crowd, estimated by church officials at about two million people in Katowice, capital of the coal-mining region of Silesia.

Earlier in the day, at a ceremony in the western city of Poznan in Poland's agricultural belt, the pontiff mentioned the name of Solidarity's companion organization, Rural

Solidarity, which represented more than a million Polish farmers.

The pope's direct references to Solidarity, on the fifth day of his eight-day visit to Poland, underlined the outspokenness with which he has addressed sensitive political issues and the rift that separates him from the government.

In successive speeches, he has called on the government to reopen a dialogue with society and has demanded respect for human rights and national sovereignty.

The concern with which the Communist authorities are following the trip was reflected in a statement Sunday by the government spokesman, Jerzy Urban, which criticized the church for failing to prevent "political manifestations" from taking place during and after the religious ceremonies.

The pope tried Sunday night to calm the crowds in Czestochowa by appealing to them to go home "in pious tranquility" after Mass.

John Paul's choice of Katowice as the place to deliver his most detailed sermon on workers' rights was significant; he was refused permission to visit Silesia during his first visit to Poland as pope in June 1979.

The Communist Party has traditionally tried to keep the miners, who are regarded as the aristocracy of the working class, immune from religious influence.

Nearly four decades of Marxist indoctrination, however, did not prevent miners and their families from gathering on an abandoned airfield outside Katowice to participate in perhaps the largest religious gathering ever seen in Silesia.

A roar went up from the huge crowd as the pope's white helicopter descended out of the cloudy sky beside the 70-foot-high altar specially constructed for the occasion.

In pouring rain, they listened to him as he quoted the words of Cardinal



A Solidarity banner was unfurled Monday during a papal Mass in Poznan.

## Regime's Gamble Misfires

John Paul's Visit Rekindles Support for Solidarity

By John Kifner  
New York Times Service  
CZESTOCHOWA, Poland — Pope John Paul II's eight-day visit to Poland, painstakingly arranged by the Communist authorities in hopes of bolstering their virtually nonexistent popularity and ending their international isolation, has turned instead into a vast public outpouring of support for the outlawed Solidarity union.

The result, in the view of many diplomats and others, has been a stunning propaganda disaster for the government that could have serious political repercussions for the government of General Wojciech Jaruzelski.

The pope has been using words and phrases that everyone understands indicate support of the

banned union movement. At each stop vast crowds carrying illegal red and white Solidarity banners roar their approval and the scene is recorded by the nearly 1,500 journalists welcomed by the government.

Perhaps the most telling setback for the government came Friday, when the authorities arranged to broadcast live on nationwide television the welcoming meeting between the pope and General Jaruzelski, apparently in the hope that some gesture, a handshake perhaps, would lend a measure of legitimacy to the government.

Instead, virtually the whole nation watched as the pope publicly reprimanded the Communist lead-

er while the general was seen to tremble as he read his stiff, defensive speech.

"The pope told him and the general quaked," said a Polish woman who watched the program.

The main question being asked among diplomats and others is not how the visit turned into an anti-government demonstration — the unique role of the Roman Catholic Church in Poland and the special character of this pope made that almost inevitable — but why the authorities agreed to let the pope come in the first place.

The Polish authorities made it clear they thought they would profit by the decision to allow the pope's visit. But their optimism

## Cruise Missiles Would Cost U.S. \$1 Billion a Year

By Walter Pincus  
Washington Post Service  
WASHINGTON — The Defense Department plans to move 20,000 people and spend more than \$1 billion a year if full deployment of ground-launched cruise missiles takes place in Europe, according to recently released congressional testimony.

Congress has been trying to keep costs at a minimum because the United States is negotiating with the Soviet Union to eliminate or limit the number of the cruise missiles to be deployed in five NATO countries.

But the administration is pressing for major expenditures on support facilities at the missile bases, in part to persuade the Russians that the United States is serious about going ahead with the missile plan.

According to W.G. (Bill) Hefner, Democrat of North Carolina and chairman of the House Appropriations subcommittee on military construction, full deployment of 464 missiles at six bases "will move almost 20,000 U.S. personnel, dependents and civilians to Europe" and cost "more than \$1 billion annually in operating and maintenance costs."

The estimates were given in a closed hearing before Representative Hefner's subcommittee in March when Pentagon officials presented the first full picture of costs and personnel implications if the missile deployment begins as planned in December. The hearing record has since been published with some material deleted for security reasons.

During the session, Pentagon officials disclosed that construction activity or surveys have begun in all five countries scheduled to receive the missiles, including the Netherlands and Belgium, whose governments have not publicly approved deployment.

Other cruise missile bases include one in Italy, one in West Germany and two in Britain.

According to Mr. Hefner, construction costs for the bases will be \$1.2 billion, with the United States paying \$950 million and the NATO allies the rest.

Part of the high construction cost, according to the Defense Department, stems from the need to build housing and other facilities for dependents of missile personnel

in such places as Comiso, Sicily, site of the Italian base.

The fiscal 1984 request for \$29.9 million for Comiso includes landscaping, a recreational club and swimming pool, a library, an arts and crafts shop, a bank and a credit union.

The subcommittee last year took the position that construction outlays for the cruise missile bases should be kept to a minimum and limited to operational facilities because of the U.S.-Soviet arms negotiations.

Administration witnesses during March's closed session disagreed.

The costly community support projects, Defense Department witnesses argued, are like the missiles themselves, bargaining chips in the arms talks with the Soviet Union at Geneva.

"Successful arms-control negotiations will be possible only if the Soviets are convinced we are prepared to go ahead with a full-scale deployment of these weapons along with a full complement of personnel," the department told the subcommittee in a written response to questions.

"If we hesitate in this instance," the department response said about building facilities for dependents, "it could provide a signal to the Soviet Union that we are less than serious about fielding" the cruise missiles.

The following points were also disclosed during the hearing:

• The air force has held "military discussions with [deleted]" in the Netherlands and conducted a preliminary survey of potential cruise missile basing sites there, even though its government has yet to approve basing cruise missiles on Dutch soil.

• The Belgian government, which has also been asked to publicly support deployment, has agreed to a construction agreement that allows work to begin at a designated air-base site.

• The proposed cruise missile base in West Germany is to be at a former U.S. Army anti-aircraft missile base since turned over to the air force. Construction funds totaling \$22.3 million for this base are included in the fiscal 1984 bill.

West Germany is to receive the first of 108 Pershing-2 missiles in December. Those missiles will replace Pershing-1A missiles on a one-for-one basis and will not require a major increase in personnel.

## The Volcker Formula: Pragmatic but Not Rigid Monetarism

By Leonard Silk  
New York Times Service  
NEW YORK — President Ronald Reagan's decision to reappoint Paul A. Volcker as chairman of the Federal Reserve Board means a continuation of an eclectic and moderately expansive monetary policy aimed at strengthening the economic recovery without re-inflating.

The announcement is likely to increase Wall Street bullishness that has sent the stock market to record levels. That bullishness has grown on the basis of widespread reappraisal of the recovery as stronger than earlier assessments, including those of the President's Council of Economic Advisors.

While the stock market has been exuberant, there has been some caution in the bond market, where longer-term investors are concerned about the danger of an eventual clash between a cautious monetary policy and federal budget deficits of about \$200 billion a

year. David A. Stockman, director of the Office of Management and Budget, has warned that such deficits stretch into the future "as far as the eye can see."

Such a collision of monetary and budget policies would mean an increase in interest rates from their present high levels and a setback not only to the securities markets but to the national economy.

William N. Griggs, a partner of the investment advisory firm of Griggs and Santow, believes such a policy clash is likely to come in the second half of 1984.

The way the Federal Reserve conducts monetary policy will have a lot to do with Mr. Reagan's election prospects, assuming that he decides to go for a second term.

His choice represents a calculated risk — the risk of Mr. Volcker's vaunted independence, which Mr. Reagan has praised, and the calculation that Mr. Volcker represents the best hope of a sustained expansion based on a pragmatic monetary policy, rather than one tied by rigid monetarist rules.

Mr. Volcker gave the most explicit account of his policy last February when he told Congress that "an unusual degree of judgment will be necessary in interpreting the growth of money and credit" in 1983. He said the Federal Reserve would be ready to make "some departures from past practices to deal with the special uncertainties it faces."

He added that carrying out policy in 1983 would involve a continuing appraisal of the relationships among all the measures of money and credit, and economic activity and prices, "particularly in the aftermath of unusual behavior of velocities of both money and credit aggregates last year."

Mr. Volcker's free-hand conduct

of monetary policy has brought criticism from more orthodox monetarists. At the same time, his monetary policy has also been attacked by both liberals and supply-siders as unduly influenced by monetarism.

In contrast with Mr. Reagan's fame as a great communicator, Mr. Volcker is celebrated in the banking and business world for near-genius as a noncommunicator — his ability to mask precisely what he is doing. Such concealment is considered essential to prevent markets from becoming unbalanced and breeding booms or busts.

Mr. Volcker's policies, though eclectic, have been weighted on the side of ridding inflation from the system, and it seems unlikely that he would now drop that goal for the sake of election-year politics.

Within the Federal Reserve System, there is continuing apprehension over the likelihood of a clash between monetary and fiscal policy.

"Obviously, at some point, the recovery of the private sector will

create bigger pressures on credit and capital," said Anthony M. Solomon, president of the Federal Reserve Bank of New York, last week. "I would not be able to say whether interest rates would be crowding out private investment during the second half of 1984. We are not assuming a boom, but I could still see crowding out taking place next year."

Mr. Solomon is against premature tightening by the Federal Reserve, and believes that the biggest single argument for further reductions in U.S. interest rates is the perilous international debt situation, with many countries still on the verge of default. Making sure that the international monetary system does not crumble could be Mr. Volcker's most important assignment.

R.T. McNamar, deputy secretary of the Treasury, said recently that the less-developed countries now owe \$600 billion to \$700 billion, with Mexico and Brazil each owing \$80 billion.

He added that 20 to 30 of those

countries will have postponed debt repayments by the end of this year.

Mr. Volcker's expertise in that area had much to do with his reappointment to the Federal Reserve post, but keeping up international economy afloat also depends on sustaining the American recovery.

On the good-news side, Edward Guay, chief economist for the Cigna Corp., said, "The nation's economic recovery will be more robust and more sustained than generally expected."

Without the help of a much smaller budget deficit — and the odds are now that neither the administration nor Congress will provide significant help in fiscal 1984 — Mr. Volcker will be facing a dilemma: Either he will have to loosen monetary policy as the recovery proceeds and the demand for credit in the private sector expands, thereby risking a regeneration of inflation, or he will have to stick to his anti-inflationary monetary guidelines, risking higher interest rates, a sinking of the economy and a rise in unemployment.

## Kuwaiti Stake in VW Is Put at About 10%

By John Tagliabue  
New York Times Service  
BONN — Kuwait has widened its share in West European industry by acquiring nearly 10 percent of Volkswagen. West Germany's largest auto maker, West German industry sources said Monday.

Based on share prices late last year and early this year, when the purchase is thought to have been made, the quoted value of the acquisition is estimated at about 360 million Deutsche marks (\$145 million at current exchange rates).

Kuwait paid \$115 million in 1980 for a 10 percent share in Volkswagen do Brasil, VW's Brazilian unit.

An official at Hoechst, the West German chemical group in which Kuwait is a major shareholder, said Hoechst's chairman, Rolf Sammel, told a shareholders' meeting last week that Kuwait had acquired less than 10 percent of Volkswagen.

Orwin Witzel, a VW spokesman in Wolfsburg, said the company could not confirm the report. He said VW had indications that the Kuwaitis had acquired more than 5 percent of the company but was unable to trace purchases of equity made piecemeal over an extended period of time.

West German law stipulates that stock transactions must be registered with securities officials and be approved by the federal anti-trust agency only when the purchaser acquires a block of stock equal to more than 25 percent of a company's total equity.

Thus, many investors prefer to make purchases over time, rather than in a block, because of a reluctance to disclose investment patterns.

Bank officials in Frankfurt said first indications of unusual trading patterns in VW shares emerged late last year, after share prices held firm even after reports that the company would suffer a severe loss in 1982.

Earlier this year, VW reported that it lost 300 million DM last year, mainly as a result of a big loss at its U.S. subsidiary. Last month, VW reported a further loss of 100 million DM million in the first quarter, compared with a profit of 55 million DM a year earlier.

Investment analysts in Frankfurt said the acquisition reflected Kuwait's two-pronged effort to spread investment at home and abroad of the crown's estimated \$75 billion in reserves.

They said declining oil prices and production had only slightly affected Kuwait's investment policy until now, as a result of a considerable overseas portfolio that assured continued returns despite flagging oil revenue.

Kuwait holds significant minority shares in Daimler-Benz, the auto maker; Korfstaht, the steel company that went into receivership earlier this year; and Metallgesellschaft, a metals concern.

Analysts said, however, that Kuwait's purchase of nearly 25 percent of Hoechst, disclosed last year, betrayed an aggressive interest in cooperating with Western chemical and petroleum companies to develop a petrochemical industry.

That investment thrust was reinforced earlier this year when the state-controlled Kuwait Petroleum Corp. acquired a part of Gulf Oil's refining and distribution network in Western Europe as an outlet for products refined within Kuwait.

This division of investment into purely financial holdings and cooperative efforts reflects Kuwaiti investment patterns in the United States, where the Kuwaitis have invested an estimated \$35 billion.

According to a recent survey by Citibank, the Kuwaitis hold shares in companies in a broad range of non-oil activities, such as J.C. Penney and General Mills, in addition to holding shares in companies that offer petroleum or petrochemical expertise.

## Syrian Colonels Killed In Ambush in Lebanon

Compiled by Our Staff From Dispatches  
BEIRUT — Two Syrian colonels and five other soldiers were killed Monday afternoon in an ambush on a seaside highway south of the Lebanese port of Tripoli, security sources said.

Unidentified gunmen reportedly detonated a roadside bomb as two jeeps carrying with Syrian troops drove south on the coastal road to Beirut about nine miles (15 kilometers) south of Tripoli, Lebanon's second city.

As the jeeps exploded, the attackers opened up with heavy gunfire.

The Christian Phalangist radio said two lieutenant colonels and a captain died in the ambush.

Syrian troops controlling most of northern Lebanon immediately blocked roads, and intermittent shooting could be heard in various areas, the broadcast said.

The attack was one of the most serious against Syrian troops since they moved into Lebanon in 1976 as the dominant troops in the Arab Deterrent Force after the Lebanese civil war. The broadcast did not speculate on the identity of the gunmen.

Earlier Monday, three Syrian soldiers were seriously wounded when their truck, carrying explosives, blew up near Tripoli. Local police said the explosion was probably an accident.

Various militias, often pro- or anti-Syrian, have clashed in the Tripoli area in recent months. Tension increased there last week after a series of unidentified men drove through busy streets firing at indiscriminately pedestrians. At least 16 died.

Meanwhile, Syrian and aircraft fired Monday on high-flying Israeli reconnaissance jets over

eastern Lebanon's Bekaa Valley, Lebanon's state radio reported.

The broadcast quoted the Bekaa correspondent of Lebanon's state-run news agency as saying the batteries opened fire at 11:30 A.M. There were no other details, nor was there any comment from either Syria or Israel.

Israeli forces intervened Monday to halt artillery and mortar battles between rival Christian and Druze militiamen in the mountains east of Beirut, a military source told United Press International.

"The Israelis, after warning the rival factions to stop fighting, fired several tank cannon shells in the direction of the mountain positions of the combatants," said a military source who declined to be named.

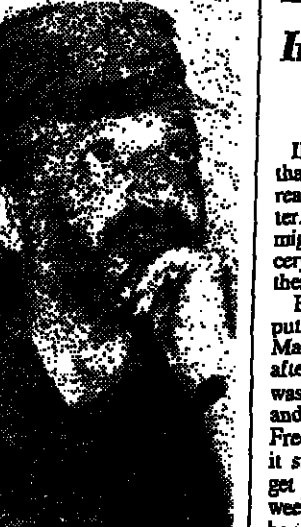
During the artillery and mortar exchanges in the mountains, several shells crashed into Christian villages just east of the capital. The Phalangist radio said the shells were fired from Druze positions, causing damage but no casualties.

Two persons were injured in Beirut's western sector Monday as bombings continued. A Palestinian and his wife were injured when a bomb exploded outside their house. A second blast, heard throughout the section, wrecked a Christian-owned restaurant as well as several parked cars.

The bombings and hillside clashes occurred despite an appeal for unity Sunday night from Lebanese President Amin Gemayel, a Christian.

In a gesture of unity, Mr. Gemayel held an "iftar," the meal taken after dusk by Muslims fasting during the daylight hours of Ramadan. He invited Christian and Muslim leaders, and told his 100 guests: "Lebanon wants one state, not several statelets."

### INSIDE



Yasser Arafat says fighting within the PLO is "very serious" and blames Libya. Page 7.

Walter F. Mondale charged that President Reagan's policy on Central America makes it inevitable that GIs will be sent to fight in El Salvador. Page 3.

Canada's conservatives, at a recent convention, appear to have set aside the notion that a politician who speaks only English can again become prime minister of Canada. Page 7.

French students are undergoing the annual rite of passage known as the "bac." For most, it's a miserable time. Page 5.

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As AIDS awareness grows, a picture has begun to emerge of the emotional and physical agony of those afflicted. Page 3.

## Hopes Vanish With Florida 'Bank' In Store's Bankruptcy, Farm Workers Lose Savings

By Barry Bearak  
Los Angeles Times Service  
IMMOKALEE, Fla. — Now that the money is gone, Elms Pierre realizes he should have known better. People had often warned the migrant workers that an old grocery store was no place to keep their life savings.

But, for 18 years, farm laborers put away their cash at Fred's Barn Market. Buses left them at Fred's after a day in the fields, and Fred's was the place where they shopped and picked up mail. Although Fred's paid no interest on deposits, it stayed open late. A man could get at his money at night and on weekends, as long as he looked sober.

Immokalee, a farm community of rich growers and poor field hands, has a regular bank, but it is down the road in the "good" neighborhood, and its tellers wear nice clothes and ask migrants to fill out forms they cannot always understand. Besides, some farm workers worry about information getting to the staff at the food stamp office and at the Immigration and Naturalization Service.

So they saved at Fred's. But Fred's filed for bankruptcy a week ago, and now the lost money represents a torrent of Creole with a try at English.

Mr. Pierre, 31, is a Haitian refugee. In his wallet, there is a moist, crumpled paper that says, "This is your receipt from Fred's... Cash Deposited for Safekeeping." The balance, written in ink, is for \$6,400.

The money is a farm worker's fortune, stashed away \$10 and \$20 at a time, in 40 months in the fields. It was to buy a trailer, and it was to bring Mr. Pierre's mother from Haiti. It is gone now, but debts remain, the bills layering a table in a cluttered room.

"Landlord told me I can stay two, three months, then I'll have to move," he said. "Big problem."

Friends are at his side, caught in the same predicament. Rosely St. Clair lifted a dollar from his billfold, his last one, he said.

"Everyone who comes to the U.S. puts money in Fred's Barn," Mr. St. Clair said. "Americans put money. Haitians put money. Mexicans, everyone, not just me."

The bankruptcy papers list 413 depositors. Most are Haitians, and many had more than \$1,000 on account. They ate rice each day, and they saved. They crowded into shanties, and they saved.

Emilio Petit-Homme had saved since August, when he was released from a detention camp for refugees. He had \$1,300, and he wanted to send to Haiti for his wife and three children.

Jose Gonzalez had saved \$1,300 also. His wife's eyes have blurred with cataracts, and the money was to pay for her surgery.

Bessie Coleman had sold her home and saved the \$3,000. She is 64, and the money was for her final years after a life in the fields.

Mostly, however, the "savings" were supposed to take the workers and their families "up the road," to labor in Georgia and the Carolinas and Maryland. The nine months of work in Immokalee, in southwestern Florida, began in September with tomatoes and bell peppers and ends in May with water-melons.

"In Haiti, they pick away your money — like magic, it goes," Mr. Petit-Homme, 43, said. "It is like Haiti in the U.S."

Workers began complaining about Fred's last November. Some migrants had to sign for their money with an X, and when they tried to take it out, a clerk at Fred's showed them an X and said the money already was withdrawn. Some took their troubles to Florida Rural Legal Services, a federally funded legal aid office in Immokalee.

"We filed a complaint with the state comptroller's office about the illegal banking at Fred's," said Albert Lee, a legal services investigator, "and they told us to get affidavits."

Kathy McCord, a spokeswoman for the comptroller's office, said the investigation was complicated because the complainants spoke Creole.

By June 2, no action had been taken. But in a federal courtroom in Tampa that day, Gerald Crawford, the owner of Fred's, pleaded not guilty to unrelated charges of conspiring to launder drug money. Edgar Richard Gallops, a co-defendant and a wealthy Immokalee farmer, pleaded guilty.

There are long, empty roads in every direction out of Immokalee, highways to developments that never got past the dream stage. Migrants use them as landing strips, and bundles of cash are exchanged in the deals. Mr. Crawford is charged with conspiring to launder millions of dollars in cash.

Mr. Crawford has not filed for personal bankruptcy. In a recent deposition in a civil case, he acknowledged owning 11 lots in five Florida counties, a summer home and melons.

(Continued on Page 2, Col. 7)



## More Israeli Doctors Join Protest Fast

By David K. Shipler  
New York Times Service

**JERUSALEM** — Conditions in Israel's hospitals worsened Monday as more doctors joined a hunger strike to protest the government's refusal to give them a substantial pay increase.

The fast, begun a week ago by physicians at Soroka Hospital in Beersheba, spread to hospitals throughout the country, threatening to close surgical and other departments as doctors became weak and unable to continue work. Emergency services were being maintained in most areas.

Some doctors in Beersheba were reported to have collapsed and to have been treated with fluids administered intravenously by colleagues.

The hunger strike was the latest tactic in a series of partial work stoppages and job actions that began March 2. Then, most doctors walked out of clinics and set up their own examination services, charging patients the equivalent of about \$15 a visit. Services are generally free under Israel's socialized health system.

Last month, after weeks of fruitless bargaining with the government, many physicians resigned, left their hospitals and traveled to beach resorts, leaving skeleton staffs behind. They returned several days later, after the government threatened to serve them with back-to-work orders.

The doctors then decided to overrule patients, prescribing batteries of laboratory tests and hospital stays for minor ailments.

The hunger strike provoked the direct intervention Monday of Prime Minister Menachem Begin. He met twice with Finance Minister Yoram Aridor and Health Minister Eliezer Shostak and once with eight striking doctors.

Mr. Aridor and Mr. Shostak have been at odds because Mr. Aridor has steadfastly refused to give the doctors the wage increases they demand.

Israel's 8,500 physicians receive monthly salaries considerably lower

than their counterparts in the United States, but about the same as Israeli lawyers and engineers who are government employees. The starting base wage is the equivalent of about \$270 a month, rising to about \$770 with 100 extra hours of work a month.

The doctors want increases in the base wage from \$270 to \$720, and lesser increases for those at the higher end of the wage scale, for an average raise of about 100 percent. The government has offered an average of up to 30 percent in an effort to stay within the framework of existing wage agreements.

Officials fear a cascade of similar demands by other public employees.

Mr. Aridor, who is trying to keep expenses down and fight Israel's 140-percent annual inflation rate, is coming under increasing pressure, both within the cabinet and the country at large, to be more flexible. In turn, the doctors have been publicly scolded by President Chaim Herzog, who has reminded them of their duties and their oaths.

After weeks of remaining aloof from the problem, Mr. Begin met with his ministers Monday and held a session with eight fasting doctors from Soroka Hospital. His press secretary, Uri Porat, said later that Mr. Begin "let them express their feelings" and "was really moved by what they said."

Mr. Porat said Mr. Begin had asked the doctors to let him try to find a solution. "He said they were absolutely right," Mr. Porat said, "but that the finance minister was also absolutely right."

Mr. Shostak appealed to the physicians to stop their hunger strike. Mr. Porat said, noting that they had achieved the aim of getting Mr. Begin involved.

At Ichilov Hospital in Tel Aviv, about 60 of the 180 doctors began a hunger strike Monday, an official said. At Hadassah Hospital in Jerusalem, a spokesman said that 37 of the 400 doctors were fasting, but more were expected to join the protest. Rambam Hospital in Haifa has kept all departments open since about half of its 150 doctors began a hunger strike Sunday.

### Weinberger to Travel To Britain For Talks

**WASHINGTON** — Defense Secretary Casper W. Weinberger planned to leave Monday night for a two-day visit to England that will include talks with Prime Minister Margaret Thatcher, a Defense Department spokesman said.

Mr. Weinberger was to leave from Andrews Air Force Base Thursday, the Pentagon said.



Medical personnel at a Beersheba, Israel, hospital treated a doctor who collapsed in the fifth day of his hunger strike.

## Papal Visit Rekindles Support for Solidarity

(Continued from Page 1)

seems somewhat misplaced given two known facts.

The first fact is that one of the strongest features of Polish life is the intertwining of Roman Catholicism with Polish nationalism and resistance to foreign, particularly Russian, domination.

The second fact is that the pope is an outspoken man who, as the first Pole to fill the office, clearly feels a strong obligation as the embodiment of the tradition.

A member of a group of Polish journalists offered an explanation for the government's decision. "They are stupid," he said, doubling up in laughter as he tried to analyze the position of the authorities.

He went on to suggest a thesis that is shared by diplomats and others: that the government is becoming so isolated that it is out of touch with the feelings of the nation.

"They are in their own world, they simply cannot understand that other people would respond to love or freedom," he said.

Yet clearly the government did believe it would profit by the visit. Deputy Prime Minister Mieczyslaw Rakowski said on the eve of the visit that he thought the decision would help Poland break out of what he called a ring of isolation imposed by the Reagan administration.

Among the prime goals for the government in ending its international isolation is to gain the easing of economic sanctions imposed after martial law and more favorable terms on its debts to the West of about \$26 billion.

The agreement for the pope's trip was first worked out in early November, when an announcement by General Jaruzelski and the Polish primate, Cardinal Jozef Glemp, seemed calculated to take the steam out of a general strike called by Solidarity. The strike failed to materialize.

In the following months, the authorities held out the possibility that the trip would be canceled. But last month the political situation changed abruptly, with a series of protests and incidents involving the church and with the government by then committed to the visit.

According to several diplomatic sources, one of the problems General Jaruzelski is having is that he is getting inaccurate or dishonest information from subordinates who are trying to protect their own jobs and positions.

This problem is endemic to the system: it was characteristic of the periods leading to the jettisoning of the three previous Communist leaders.

In the view of many, the political danger that General Jaruzelski faces is not likely to come from a Solidarity-style uprising, especially since many provisions of martial law remain in effect.

Rather the danger is likely to come from the hard-liners in his own party and from the Soviet Union, uneasy that he has not cracked down enough on the dissident movement.

The pope's visit is likely to become a prime issue within the

Communist Party, particularly at the approaching Central Committee meeting that is to take up the ideological showdown within the Polish party.

But the ins and outs of Communist ideology mean little to the people of Poland, who by and large scorn Marxism as an alien imposition, and men instead to the Catholic Church as the guardian of their nationhood.

Perhaps the most important and least understood aspect of the power of the Catholic Church is the extraordinary influence, repeatedly emphasized by the pope himself, of the Marian cult. The Marian cult holds that the Virgin Mary can ask God for special favors on behalf of troubled people.

Both the church hierarchy and the people believe that as a matter of literal historical fact the Virgin Mary intervened with God to turn back the Swedish siege of the Jasna Gora monastery in 1655, and that in 1920 she reversed the fate of war against the invasion of Russian Bolsheviks.

This widely shared feeling of the possibility of miraculous intervention was at the heart of the hundreds of thousands of people who gathered Sunday for the ceremony surrounding the icon of the Black Madonna.

And it is this faith in the possibility that the Mother of God will miraculously intercede that raises the political situation beyond conventional, rational analysis. The government, too, has finally begun to realize this.

## Pope Backs Union Rights

(Continued from Page 1)

dinal Stefan Wyszyński, the primate of Poland who died in 1981, on the "people's right to free association."

"This right is not given to us by the state," the pope said. "The state has the obligation only to protect and guard it so that it is not violated. This right is given by the creator who made man as a social being."

At this point, the participants in the Mass, many of whom had been to Solidarity during its 16-month existence and are now refusing to join new officially sanctioned trade unions, burst into loud clapping.

There were repeated chants of "Long live the pope!" The chants ended only when John Paul said: "I tell you the pope is still living and wants to go on delivering his speech."

Katowice became a Solidarity stronghold after the workers' rebellion of August 1980 that ended with the government agreeing to recognize independent trade unions.

Resistance to martial law was stronger and more bitter here than in any other region of the country. Miners occupied their pits and physically defended themselves from attack by riot police.

Monday's security measures in Katowice were much tighter than at any other stop on the pope's eight-city itinerary. People walking toward the airfield were stopped and searched by the police. Banners and placards were confiscated, even if they were of a purely religious nature.

Among the huge crowd was a delegation from the Wujek colliery, where at least nine miners were killed when the police stormed their mine.

While Mr. Crawford was in court June 2, a man tried to withdraw \$900 from Fred's and was turned away. More people tried, and more were denied. Fred's then locked up.

Five days later, an angry crowd gathered out front. The police moved in and investigators hauled away drawers of files, but not much money. The state attorney's office is considering charges of grand theft.

"Immokalee is known as the last frontier," Mr. Lee said, "and Fred's was the trading post. Fred's dealt with people's necessities."

The migrants of Immokalee,

## WORLD BRIEFS

### China Vows to Act on Hong Kong

**NEW YORK (Reuters)** — Deng Xiaoping, the Chinese leader, has warned Prime Minister Margaret Thatcher of Britain that if the two countries do not reach agreement on the future sovereignty of Hong Kong by the end of next year, "China will announce its own solution," Newsworld's international edition said Monday.

The magazine also quoted reliable sources in London as saying the British Foreign Office had given up any real hope of retaining even titular British sovereignty over Hong Kong when its 99-year lease on much of the colony expires in 1997.

Newsworld said Mr. Deng's warning was delivered at an acrimonious meeting with Mrs. Thatcher in Beijing in September. Mr. Deng told her, "If Britain and China do not reach agreement by the end of 1984, China will announce its own solution." Newsworld said the conversation was relayed by the Chinese Communist Party's general secretary, Hu Yaobang, in an interview with a columnist for the magazine.

### Bush Expects Reagan to Run

**WASHINGTON (Reuters)** — Vice President George Bush said Monday that he expected President Ronald Reagan to run for a second term. Asked on a television show, Mr. Bush said, "I have no doubts." He also said that Mr. Reagan, who has withheld a decision on running again, would be extremely difficult to beat.

Mr. Reagan has said that if he did decide to enter the race next year, he would choose Mr. Bush again as his running mate. Mr. Bush is widely viewed as the strongest contender for the Republican Party's nomination if Mr. Reagan decides not to run at the end of his term in January 1985.

### Protesters Block U.S. N-Plants

**NEW YORK (AP)** — Police on Monday arrested more than 850 anti-nuclear protesters blocking the gates of military bases and nuclear weapons plants from Connecticut to California during what organizers called "Disarmament Action Day."

At Livermore, California, about 2,500 demonstrators chanting and throwing flowers began a blockade of the Lawrence Livermore National Laboratory and at least 663 were arrested, police said.

About 113 persons were arrested at the Electric Boat shipyard at Groton, Connecticut, which builds the Trident submarines, and at least 40 were held for staging a sit-in at the back gate of the General Electric plant at Burlington, Vermont. Anti-nuclear demonstrations also were scheduled in several other states and some foreign countries.

### 2,000 French Police Hold Protest

**PARIS (AP)** — About 2,000 national policemen gathered in Paris Monday night at a meeting organized by three of their unions to protest the government's law-and-order policies and the dismissal of two union leaders from the force.

The union leaders were fired the day after a June 3 protest in which several thousand policemen in civilian dress marched to the Justice and Interior ministries shouting slogans demanding the resignation of Interior Minister Gaston Defferre and Justice Minister Robert Badinter.

The three unions that organized the meeting are generally considered to be rightist and close to France's conservative opposition. The meeting originally had been scheduled for last Thursday and was to come after a second protest march by police. Mr. Defferre, however, banned the march.

### EC Herring Proposal Reported

**LUXEMBOURG (Reuters)** — A new sharing out of herring catches in the North Sea, with Britain and the Netherlands getting the biggest portions followed by France, was proposed Monday by the European Community Commission, according to commission sources.

Herring fishing in most of the North Sea was banned for six years and resumed only recently after scientists said the stocks were no longer in danger. Fishery ministers began a two-day meeting in Luxembourg to bargain over the first annual sharing agreement since establishing a common fisheries policy in January.

The sources said the executive suggested to ministers that Britain should get 23,600 tons of herring, with the Netherlands having the next biggest share of 21,600 tons. France would receive 15,600 tons, Belgium 8,300 tons and West Germany and Denmark 7,600 tons each.

### Lebanon Blames Massacre on Israel

**BEIRUT (UPI)** — A Lebanese government report issued Monday blames Israeli forces for the massacre in September at two Palestinian refugee camps in the western sector of Beirut and said 460 were killed.

The report, issued by the military prosecutor's office, said the Israelis did not directly carry out the killings inside the Sabra and Chatila camps, but "because of their complete control of the camps, their entrances and all regions around the camps, this [blame] is in accordance with the 1949 Geneva covenant" of the United Nations.

The report counted 460 killed in the massacre, among them 269 Palestinians, 119 Lebanese, 11 Syrians, 32 Pakistanis, 2 Algerians, 2 Egyptians and 25 unidentified.

### Reputed Mafia Figure Arrested

**PALERMO, Sicily (AP)** — The police continued their crackdown on organized crime Monday, arresting an alleged Mafia figure and questioning dozens of suspects in this Sicilian capital and surrounding towns.

Elsewhere in Italy, the police picked up eight suspected members of the Camorra, the Naples' version of the Mafia. Since the national operation began early Friday 462 alleged members of the Camorra, considered one of the most vicious and powerful in Italy have been arrested. Raffaele Cutolo, the Camorra chief, is currently serving a prison term.

Tommaso Spadaro, a reputed Mafia leader, was arrested at a building he owns in Palermo's Kales district that police sources said he "practically controls." He was arrested on two warrants charging him with conspiracy to defraud. Mr. Spadaro, 46, has a long penal record for cigarette and drugs smuggling, police said.

### For the Record

**YAOUNDE, Cameroon (AP)** — President François Mitterrand of France arrived in this West African country Monday for a 48-hour official visit.

**JERUSALEM (UPI)** — Yehuda Avner, 52, will be Israel's new ambassador to Britain, replacing Shlomo Argov, who was shot by Arab gunmen in an attack that triggered last year's invasion of Lebanon, a government source said Sunday.

## Farm Workers in Florida Lose Hopes in Bankruptcy

(Continued from Page 1)

in North Carolina, four cars, a boat and an active oil well.

It is only Fred's Barn that has filed for bankruptcy, and Mr. Crawford has not been to his store in weeks. He also has refused to answer questions.

While Mr. Crawford was in court June 2, a man tried to withdraw \$900 from Fred's and was turned away. More people tried, and more were denied. Fred's then locked up.

Five days later, an angry crowd gathered out front. The police moved in and investigators hauled away drawers of files, but not much money. The state attorney's office is considering charges of grand theft.

"Immokalee is known as the last frontier," Mr. Lee said, "and Fred's was the trading post. Fred's dealt with people's necessities."

The migrants of Immokalee,

Housing, small and spare, often costs \$440 a month plus utilities, more than beachfront apartments in Naples, 40 miles (64 kilometers) west, on the Gulf of Mexico. Rents are coming down, and the workers are pleading for more time, for understanding.

"They'll be evicted," said Mark Thomas, manager of a large apartment complex. "You can't expect us to absorb a loss just because they were dumb enough to put their money in Fred's."

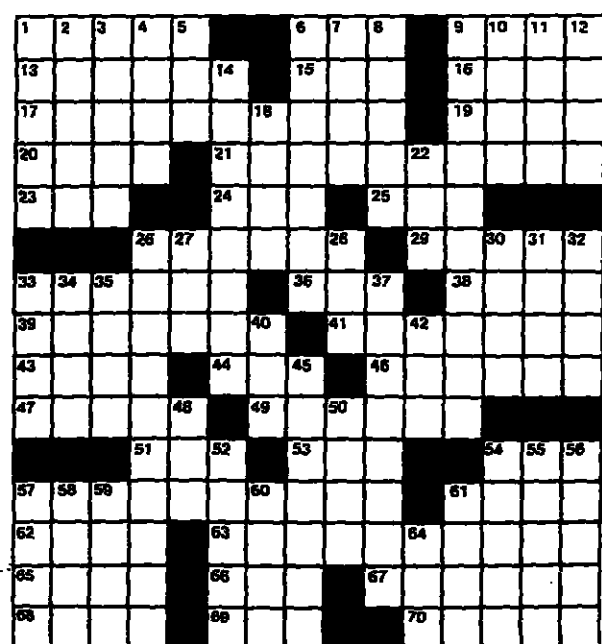
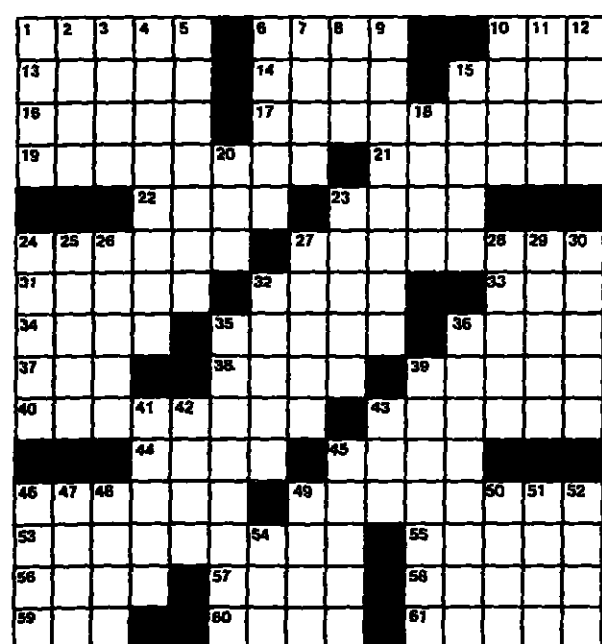
A relief fund has been started by the Our Lady of Guadalupe Roman Catholic Church in Immokalee. The address is: Immokalee Relief Fund, First Bank of Immokalee, Drawer 8, Immokalee, Florida 33934.



## Question:

### Four letters meaning two-for-one

(See bottom of the page for answer)



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## Mondale Says Reagan Will Cause U.S. Troops To Fight in El Salvador

By Mary Thornton

WASHINGTON — Former Vice President Walter F. Mondale said that President Ronald Reagan's policy on Central America makes it inevitable that U.S. troops will be sent to fight in El Salvador.

"I believe this country is widening the war. I believe it's Americanizing the war. I think it's militarizing the war. And I believe under present policies, it is inevitable that American troops will be sent into Central America because the policy is failing," Mr. Mondale said Sunday on a television news program.

Mr. Mondale's statement came after he was asked if there were circumstances under which he, as president, would send U.S. combat troops to Central America.

He said the presence there of a major Soviet or Cuban base or military position would be a "very, very severe concern" but did not say whether he would send troops. "We're raising a hypothetical here. Let me talk about the real world and what's going on today in Central America," he said.

Mr. Mondale, who is considered the front-runner among announced Democratic presidential candidates, said the Reagan administration views any political or military action in El Salvador as a threat to U.S. security. He acknowledged that there had been problems in Central America while he served in the Carter White House.

"But it wasn't a crisis," he said. The Carter administration, he added, "was pressing El Salvador and others to move toward the respect of their own human rights, toward a system of justice, toward land reforms, toward working with the church, with the Social and Christian Democrats to create an environment of stability."

The Reagan administration "upended it and turned it into principally a military venture with very little, if any, emphasis on political reform or on efforts to bring about a negotiated settlement," he said.

"Where they're going now will lead to the introduction of troops in any event because right now they've rejected negotiations, and they've rejected any kind of effort to bring about social and political reform in El Salvador," he said.

"It has gotten worse every day that they've been in power," Mr. Mondale said. "If anything, they're accelerating the rate," he went on, "going full speed ahead for a military solution. And I believe," Mr. Mondale continued, "it's almost

inevitable that American troops will be sent down there."

Meanwhile, President Alvaro Magaña of El Salvador said that his government is winning the war against leftist guerrillas and that he is "positively sure" that U.S. troops never will be needed to ensure victory.

"Never, I am positively sure of that," he said, adding that neither would El Salvador ask for them. His comments came in an interview taped Saturday and shown Sunday on another television news program.

Disputing recent accounts of poor performance by Salvadoran military forces, Mr. Magaña insisted they have fought hard and that



Walter F. Mondale

with U.S. help, "we have better trained troops than we had a year ago, and much better than two years ago. I'm sure that we have improved a lot."

## Copper Miners' Strike Seen Ending in Chile

United Press International

SANTIAGO — A second Chilean copper miners' strike is expected to end Monday for organizing an illegal national strike. The strike itself appeared to be ending, however, as thousands of workers returned to the state-owned pits under the threat of mass dismissals.

Leaders of the Copper Workers Confederation conceded that the walkout had failed and blamed other unions for failing to provide the support they had promised.

A judge ordered the jailing of Hugo Estival, acting president of the union, during court hearings for 11 of the union's leaders. They are being charged with organizing an illegal strike, which has closed three important copper mines. The union president, Rodolfo Seguel, was jailed last week.

Moderate leaders of the National Workers Command, set up to coordinate a protest movement against the military government of General Augusto Pinochet, held

meetings with other labor chiefs aimed at setting up a new multi-union front.

The confederation's secretary-general, Roberto Carvajal, said the strike has been broken and only about 2,000 dismissed miners were not working.

"We were left on our own," said Mr. Carvajal, from the moment the Command "failed to pronounce itself" in support of the strikers. "It's as simple as that."

The strike had been called to demand the release of Mr. Seguel, who was arrested for promoting the June 14 protest that flared into the worst riots in Chile in 10 years of military rule. The protesters demanded a return to civilian rule.

The state-owned copper company reacted to the walkout by dismissing all strikers and began hiring replacements from thousands of job applicants.

The government also placed Chuquibambilla, the world's largest open-pit copper mine, under military control to prevent the strike from spreading and crippling the country's main export industry. Chuquibambilla accounts for more than half of Chile's copper output.

## Rios Montt Is Facing A Growing Opposition

By Barbara Crossette

New York Times Service

GUATEMALA — Brigadier General Efraim Rios Montt, president of Guatemala, appears to be facing his most serious political challenge since coming to power in a coup 15 months ago.

According to politicians, diplomats and church and business leaders who were interviewed here, the key issue is the general's promise to restore "authentic democracy" that he made after annulling the results of national elections in March 1982. He said the voting had been fraudulent.

In the last few weeks, pressure has mounted on the president to keep his promise, with both an army general and church leaders publicly petitioning him to get the military out of government. The petitioners are also demanding the election of an assembly to draft a new constitution.

At the same time, the Rios Montt government continues to be challenged by a loosely unified guerrilla movement. Although a drive on the rebels in the mountainous countryside, in which many Indians were killed, had been thought to confine guerrilla activity to a remote northwestern sector bordering the Mexican state of Chiapas, there have been reports of renewed fighting closer to the Guatemalan capital in the last few weeks.

Guerrillas in exile in Mexico City, who have made much of the general's failure to hold elections, say they are continuing to harass the Guatemalan Army and regularly threaten a wider war.

The calls for a return to civilian rule, while providing a unifying theme for opponents of General Rios Montt, mask the motives of a variety of special interests from extreme left to extreme right, according to Guatemalans and foreign diplomats here. Economic, social and religious tensions are all playing a part. So is the personality of the president, an evangelical Christian who has been described as part nationalist, part missionary.

"All the political parties are against him; the merchants, professionals and farmers oppose him; he has alienated the church, and his army is badly divided," Mario Sandoval Alarcon, head of the mili-

tarily far-right National Liberation Movement, said Friday.

"If he doesn't call elections in the next two or three weeks, he will be finished," said Mr. Sandoval, a former presidential candidate whose party is widely believed to be among those with the most to gain if General Rios Montt were to fall from power.

Last week, the capital was abuzz with rumors of a coup that were denied by the military.

Mr. Rios Montt, an evangelical Protestant, has not been on good terms with the Roman Catholic Church hierarchy in this predominantly Catholic country. Among the president's critics is Monsignor Ramiro Pelletier Samyoo, who last week was appointed, at least temporarily, archbishop of Guatemala after the death of Cardinal Mario Casariego y Acevedo on Wednesday.

"I hope there will be no more attacks on the Catholic church by the government," Archbishop Pelletier was quoted as saying. Archbishop Pelletier, who was among the church leaders who petitioned General Rios Montt, added that one of the last acts of Archbishop Casariego y Acevedo had been to seek the release of a political prisoner.

Over the weekend, General Rios Montt played a small but visible role in ceremonies marking the death of the archbishop.

The urban middle class of professionals and merchants, as well as some country landowners, are apprehensive about a new tax package that the Rios Montt government promises to introduce.

Falling prices worldwide for commodities on which Guatemala depends for export earnings — in particular, coffee — have contributed to the economic crisis, and business leaders fear that their interests are not being looked after by a government packed with military men.

Politically, there is wide agreement that General Rios Montt has opened the way for a range of new parties. Many have begun to form in anticipation of elections. He is



Efraim Rios Montt

also credited with allowing the press greater latitude than in the past. But at the same time, General Rios Montt has begun to set limits on political dissent.



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## Britain Warns Envoys About Drunk Driving

The Associated Press

LONDON — The Foreign Office has warned diplomats serving in London against driving after they have been drinking.

It confirmed news reports that Eustace Gibbs, vice-consul of the Diplomatic Corps, sent a letter to all the embassies in March that too many drunk diplomats are being stopped by the police. They are endangering other people besides themselves, the letter noted.

The Sunday Times said that there were 22 incidents of diplomats being found drunk behind the wheel last year, compared with 18 in 1981. Mr. Gibbs said some of the incidents led to car chases through London and one case of violence toward a police officer.

In future, the letter warned, an offender's government may be asked to waive diplomatic immunity so the police can prosecute.

## González Travels to U.S. For Talks on Bases, NATO

United Press International

MADRID — Prime Minister Felipe González left Monday on a four-day visit to the United States, where he will meet with President Ronald Reagan to discuss Central America, NATO and U.S. bases in Spain.

The visit comes two weeks after Mr. González, a moderate Socialist, traveled to five Latin American countries and sharply criticized U.S. policy there and in the rest of the world as "more negative than positive."

Since the Socialists took office in December, Spain has extended for five years the agreement allowing four U.S. bases in Spain. Spain also recently agreed to buy 72 American F-18A fighters for \$2.65 billion to modernize its air force.

The question of Spain's membership in the North Atlantic Treaty Organization will be high on the

list of the discussions in Washington.

Spain entered NATO a year ago under a center-right government, but Mr. González has frozen integration into the alliance's military structure pending a national referendum on membership before 1986.

## \$3 Million in Jewels Are Stolen in London

United Press International

LONDON — A gang of five jewel thieves wearing Halloween masks Monday snatched \$3 million to \$4 million (about \$4.5 million to \$6 million) worth of uncut diamonds and jewelry from a jewelry store vault, Scotland Yard said.

The police said the staff of Bond Jewellers in Mayfair were held at gunpoint while a male employee was forced to open the store vault.

## Violence Erupts Again In W. Berlin District

The Associated Press

BERLIN — West Berlin police said Monday that they detained 18 youths after unrest flared again Sunday night near a house they had cleared of squatters during the weekend.

About 100 demonstrators assembled on Heinrich Square in the Kreuzberg district late Sunday night and began to pelt police and patrol cars with stones. They demolished parked vehicles and set on fire a builder's truck and tent. The violence followed riots in the district Saturday, when 46 persons were injured and police detained 203 demonstrators.

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## High Tech for NATO

High tech, the industrial world's answer to everything, is held out also as a way to rid the West of the burden of threatening "first use" of nuclear weapons in Europe. Super-smart missiles and other nonnuclear weapons, it is said, could help reduce NATO's defense costs, conserve manpower and, by supplanting the nuclear strategy, disarm the peace movement on the Continent.

It sounds like a quick fix for moral and physical discomfort. But desirable as the new weapons appear, they will not come quick or cheap and will not end the nuclear problem.

What high tech can do — according to an impressive study by 50 European and American experts — is help avoid the early use of nuclear weapons in the most dangerous, if not likely, NATO contingency: a nonnuclear Soviet surprise attack. What high tech alone cannot do, the study makes clear, is allow the West to rely only on nonnuclear defenses. Conventional defense requires more men, money and equipment than the allies have ever provided.

The study, sponsored by the American Academy of Arts and Sciences, reflects the views of General Bernard Rogers, NATO's supreme commander. Among the signers is McGeorge Bundy, a former White House security adviser who believes that the North Atlantic Treaty Organization should renounce "first use" and build up its nonnuclear forces.

The report endorses General Rogers' prediction that, by 1990, electronic devices and nonnuclear missiles could perform some functions now assigned to nuclear weapons. Early in any conflict, they could take out airfields and bridges and delay Soviet reinforcements. The effect would be a still more "flexible" response — the NATO doctrine of employing

nonnuclear defenses as long as possible. High-tech insurance against early resort to nuclear weapons may cost \$20 billion. It would require the NATO nations to raise their annual military budgets by a real 4 percent, instead of the agreed 3 percent that most are failing to meet.

How long the high-tech weapons could substitute for nuclear weapons depends on the nature of the attack. At present, if the West were completely surprised, General Rogers expects that nuclear weapons would be needed within days, perhaps hours. High tech could extend that margin — but not for long.

A conventional defense is more feasible if two or three weeks of acute crisis alerted NATO to mobilize and move in reinforcements. But even then, American forces could only fight for a month at most, and some Europeans for only 10 days, before running out of trained troops, equipment and supplies.

The Pentagon is budgeting \$90 billion over five years for just one facet of the problem of extending this time: to build a 90-day supply of munitions. Even 90 days, however, is less than half the time needed to build production lines for a protracted conventional war. And allied governments are suspicious of efforts to preserve the nonnuclear option for too long. They believe one purpose is to confine a major war to Western Europe, and they fear this would make war less unthinkable in Moscow.

NATO's real choice, for now, is not between nuclear deterrence and conventional defense. Either alone looks to be less secure than a combination. But the right combination can further reduce the pressure to use nuclear weapons and would leave more time, even in war, for diplomacy to avert disaster.

—THE NEW YORK TIMES.

## An Industrial Policy?

Five of the Democratic Party's six presidential candidates (Reubin Askew is the exception) advocate some form of "industrial policy." But what is it? The candidates talk of things from trade policy to tax reform, but the proposals can be put into two groups: collaborative decision-making by different segments of society (business, labor, government) and investment, or direction of the flow of investment, by the American government.

Collaborative decision-making has become more attractive since nations such as Japan and France applied it and attained higher growth rates than the United States in the 1970s. Three candidates — Gary Hart, Ernest Hollings and Walter Mondale — call for such action. Senator Hart wants "long-term agreements to help industries become more competitive"; Senator Hollings wants government "to act as a catalyst" to "make our industrial base competitive again"; Mr. Mondale wants "co-operative agreements" to "restructure and revitalize ailing industries."

It is interesting that these Democrats seem to be calling for an end to what has been Democratic (and national) policy since 1935: the conduct of relations between management and labor on an adversarial basis with government acting, if at all, as referee. Many people agree that such adversarial relations do not always serve the public interest. But few have grappled with the question of how to convince managers and labor leaders, not to mention public officials, to discard lifelong habits.

Regarding government direction of investment, some proposals here are sensible, including John Glenn's and Gary Hart's call for

increased public and private funding for research and development. Others are more dubious, like Mr. Mondale's proposal to steer capital away from mergers and toward research and development. The history of government attempts to control private capital flows is not a happy one.

Alan Cranston has called for a new Reconstruction Finance Corp. and Senator Hollings and Mr. Mondale advocate, vaguely, government investment in key industries. Senator Cranston gives first priority to "sunset industries" — older industries in trouble. Candidates give lip service to the need to invest in "sunrise industries" — new industries that might grow. But it is sunset industries with their existing work forces, unions and managers that have the political clout. Nearly half the members of Congress are members of the Steel Caucus. Only a handful identify with the microchip industry.

The United States already has a variety of policies that could be called industrial policies, from the interstate highway system to agricultural subsidies to the Chrysler loan guarantee. The successes of some of them should not obscure their cautionary lessons. If the Democrats center their presidential campaign on industrial policy and then win, there will be terrific incentives for ailing industries to seek public money. Scandals like those that tarred the Reconstruction Finance Corp. in the 1940s are the least of the problem. There is a danger that what is called an industrial policy will mainly prop up inefficient industries and retard economic growth.

—THE WASHINGTON POST.

## Other Opinion

### The Stuttgart Summit

The important question about the Stuttgart European summit is not whether \$450 million is an adequate rebate on Britain's 1983 budget contribution, but whether anything has been settled at all. The agreement is only a provisional one, and the French delegation asked that the minutes of the meeting should record France's intention to oppose payment of the rebate if there was no agreement on a long-term solution by the time of the next summit, to be held in Athens in December.

The December deadline for a long-term reform package was accepted by all, and that is the only really significant decision taken. According to normal Community reckoning, there are only three working months left, since nothing is allowed to happen in July or August. To give itself a sporting chance of avoiding a much more serious crisis in December, the Community would be well advised to make this year an exception.

—The Times (London).

Mrs. Thatcher's encounters with foreigners are rarely diplomatic and never statesmanlike. With the prime minister thumping the table

and demanding her money back, the performance looks all too often like a temper tantrum. This weekend the lack of results began to show. President Francois Mitterrand showed what he thought of Mrs. Thatcher's patronizing manner by standing her up at every opportunity. Normally a punctual and courteous man, Mr. Mitterrand kept her waiting for 20 minutes before they were photographed bearing, shark-like, at each other. The French president, indeed, won hands down.

—The Guardian (London).

The 10 members of the Community have managed to avoid failure and what was at most an important, to escape confusion. Who was the victor? Was it Mrs. Thatcher, who obtained a reduction in the British budget contribution for the fourth consecutive year, but who viewed with the greatest reluctance the idea of a future increase in EC resources? Or was it the other heads of government who favored such an increase — even if unenthusiastically, as in West Germany's case? The compromise reached in Stuttgart is too complex to be able to give a clear answer.

—Philippe Lemaître in Le Monde (Paris).

## FROM OUR JUNE 21 PAGES, 75 AND 50 YEARS AGO

### 1908: Zeppelin's New Airship

FRIEDRICHSHAFEN, Germany — After the crowd that had assembled to witness an ascent by Count Zeppelin's new airship had met with disappointment this morning, its patience was rewarded in the afternoon when the airship made its maiden voyage. At just after 5 o'clock the airship began to move out of its floating shed, the operation lasting six minutes. Rising to a height of about 5,000 feet, it made, going at a slow speed at no time exceeding 20 kilometers an hour, a series of circles. The flight was not impressive after the high expectations raised. The ascent lasted 15 minutes, at the end of which the motive power gave out and the airship sank.

### 1933: U.S. Budget Deficit

WASHINGTON — The United States government will face a deficit of approximately \$1.75 billion on June 30, when the fiscal year of 1932-1933 ends, according to estimates made yesterday by the Treasury. It is the second largest peacetime deficit in the nation's history. At the time the budget was drafted in the Hoover administration, it was expected that with increased taxes on income and new excise levies, designed to add \$1 billion in revenue, the budget would be balanced. The deficit is due largely to income dropping far below the estimated figure. Income for the fiscal year was approximately \$2 billion, while expenditures were about \$3.75 billion.

## The Geneva Talks

### New U.S. Flexibility Offers Reason for Hope

By Kenneth L. Adelman

The writer is director of the U.S. Arms Control and Disarmament Agency.

WASHINGTON — In seeking sound arms control agreements with the Soviet Union, the Reagan administration has defined its goals clearly and concisely: significant reductions, equality, stability and verifiability. These are objectives that we think are realistic foundations for fair agreements. Recent developments have substantially improved the prospects for success in this vital task.

One encouraging development has been the emergence of strong bipartisan support — in Congress and in the American public — for a coordinated program of arms control and defense modernization. The chief catalyst for this effort was the SALT-II summit, which called attention to the need to integrate arms control and the modernization of the nation's nuclear force.

It recommended the deployment at an early date of 100 MX missiles, the development of a small single-warhead missile for deployment in the 1990s and vigorous pursuit of arms control agreements that are balanced and verifiable, that enhance stability and allow necessary modernization.

The MX and other modernization programs give us negotiating leverage we need to persuade the Russians to move toward an agreement that promotes stability at substantially reduced force levels.

Under President Ronald Reagan's leadership, we in the administration have worked with members of Congress from both parties to put the commission's recommendations into effect. The program is on track toward early deployment; development of a small intercontinental ballistic missile is proceeding; and the president, on June 8, announced a modified U.S. position that includes U.S. flexibility in the SALT-II negotiations — the Strategic Arms Reduction Talks with the Soviet Union at Geneva.

Our new proposal brings the U.S. negotiating position in full accord with the SALT-II Commission's

recommendations, and provides U.S. negotiators additional flexibility in their efforts to promote progress at Geneva. The president decided to relax the proposed limit of 850 deployed ballistic missiles, which will encourage the evolution toward the small ICBMs favored by the commission and narrow the differences between the U.S. and Soviet positions.

Another positive development has been the continued allegiance of the Western allies, as reaffirmed at the Williamsburg summit, to NATO's two-track approach of modernizing U.S. intermediate-range nuclear forces while vigorously pursuing arms control negoti-

ations. This consensus, both at home and among the allies, demonstrates the West's capacity to pursue a coherent and purposeful course — and makes clear to the Russians that they have more to gain by negotiating with us seriously and flexibly than by seeking to obtain their goals by exploiting the democratic debate within Western countries.

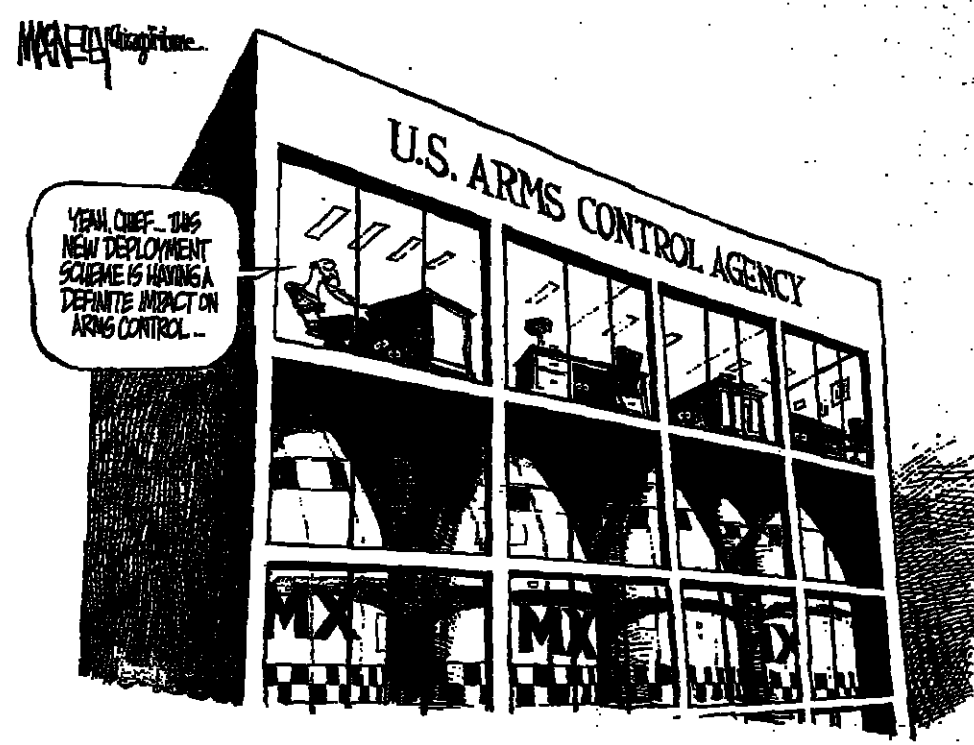
In both SALT and INF, consensus and dedication to sound goals have been complemented by U.S. flexibility at the negotiating table. For example, President Reagan on March 30 — while reaffirming our "zero-option" goal of eliminating all longer-range land-

based INF missiles — proposed an interim agreement that would establish equal, global limits on the warheads deployed on such missiles.

Recent developments are encouraging. Our proposals are sound, but progress does not depend on the West alone. If the Russians approach arms control negotiations with equal sincerity, success can be achieved.

As the president pointed out in announcing modifications in our SALT proposals: "These actions reflect a bipartisan consensus on arms control and new flexibility in the negotiations — steps to be viewed seriously by the Soviets and all others who have a stake in world peace. To the leaders of the Soviet Union, I urge that this new opportunity not be lost."

United Press International.



## No, Reagan Asks Too Much of the Russians

By Paul C. Warnke

The writer was director of the Arms Control and Disarmament Agency during the Carter administration and was a negotiator of the SALT-2 treaty.

WASHINGTON — Serious arms control negotiations will, of course, require private discussion between the U.S. and Soviet teams. It must be hoped, therefore, that the ideas presented to the Russians in Geneva will provide some basis for agreement. Certainly no such hope can be held for the U.S. START proposals, either as initiated or with the modifications recently announced by President Reagan.

While House explanations and uncritical press comment suggest that the new proposals show flexibility and move in the direction recommended by the president's SALT-II Commission. But to the Soviet Union they can only appear as a demand for unilateral concessions and a large-scale restructuring of its strategic nuclear forces with no comparable restraints on the United States.

In its key respects, the U.S. proposal remains unchanged. It calls for a limit of 5,000 ballistic missile warheads on each side, of which no more than 2,500 could be carried by land-based intercontinental ballistic missiles. The Russians would have to eliminate more than half of their ICBM warheads while the United States could increase its warheads by about 350.

Moreover, the Soviet Union is asked to cut its SS-17s, SS-18s and SS-19s — those intercontinental ballistic missiles that have multiple, independently targetable warheads, or MIRVs — by about 75 percent, from more than 800 to 210. Within that aggregate, SS-18s could number no more than 110, down from the present 308. The Russians would be expected to cut the heart of the nuclear force they built up to match U.S. deployment of multiple-warhead missiles.

Moreover, with these limits on its ICBMs, the Soviet Union would not be able to reach the

2,500 ceiling. Assuming the maximum possible warheads per ICBM, as must be done for verification purposes, 110 SS-18s with 10 warheads each would total 1,100. If 100 SS-19s are retained, with a maximum of six warheads each, this would yield another 600, for a total of 1,700. The Russians would be left with no more than 2,280 warheads on 790 ICBMs — unless they replaced their 580 single-warhead SS-11s and SS-13s with a new, small multi-warhead ICBM.

Any claim of new American flexibility rests on the elimination of the previously proposed ceiling of 850 long-range ballistic missiles. But this is cold comfort for Soviet leaders.

Raising the ballistic limit from 850 to 1,200, for example, would neatly accommodate U.S. plans for American strategic forces. They would permit deployment of all 100 planned MX missiles with 10 warheads each, plus 500 of the present Minuteman-3s with three warheads each, within the ICBM warhead ceiling of 2,500. This would leave room to increase U.S. submarine-launched ballistic missiles from the current level of 520 to 600.

The Russians, in contrast, would have to cut their 950 submarine-launched missiles to 410 to keep 2,280 ICBM warheads. To avoid an SSBM force with far fewer than the present 1,500 warheads, they would have to design and deploy a new missile with more warheads. But the immediate result would be a dramatic increase in the already wide U.S. lead in this most survivable

element of the strategic arsenal. The United States could retain 2,500 warheads on its much superior submarines. About 60 percent of these submarines are on station at all times, as compared to the Soviet average of 15 percent.

What has been hailed as movement toward a more negotiable position, this would leave the Soviet Union far short both of the ceiling of 5,000 ballistic missile warheads and the sublimit of 2,500 ICBM warheads, unless and until the Soviet forces were redesigned and rebuilt.

In return for this voluntary attrition, what is the Soviet Union being offered? The United States would go ahead with MX and the Trident-2 submarine-launched missile, both with unparalleled capability to strike at reinforced targets. No limits are suggested on the sea- and ground-launched cruise missiles planned by the United States, or on the air-launched cruise missile program and strategic bombers.

Nothing in the new START position advances the SALT-II Commission recommendations. Instead it encourages the Russians to build new, multiple-warhead missiles. Under its terms, neither U.S. nor Soviet military planners can be expected to have much interest in scrapping modern multiple-warhead ICBMs, at great expense, for a small single-warhead missile.

And because of greater Soviet dependence on ICBMs, the fatal flaw here, as with the U.S. position in the negotiations on intermediate-range nuclear missiles, is that the Soviet Union is asked to scale way down in those areas where it has an edge while the United States retains and increases its lead in other areas.

There is no reason to think the Soviet leaders will take these proposals seriously.

United Press International.

## González May Baffle Reagan's Left-Right Litmus

By Philip Geyelin

WASHINGTON — The Reagan high command knows what it thinks about right-thinking stalwarts of the Western world. It knows a Marxist-Leninist when it sees one. And it can cut through criminal human-rights records to find the virtue of alliances with authoritarian regimes that stand between the United States and a surging Red tide.

Like some of those gauntlets for checking the chemistry of swimming pools, the Reagan tests for analyzing foreigners are simple — too simple, some would say, for the likes of Prime Minister Felipe González of Spain, who is visiting the White House on Tuesday.

You have to wonder what Ronald Reagan will make of a socialist, who at 40 is young enough to be his son; who cut his teeth on Marx as an underground enemy of the Franco regime and then helped turn his party away from doctrinaire Marxist-Leninism in his agile climb to leadership; who supports U.S. base rights in Spain and stands to the right of those in his own party who would end Spain's phased entry into the North Atlantic Treaty Organization; but who shares, as a longtime member, the Socialist International's affinity with the Latin America left — an affinity that prompted him during a recent tour of Central America to call the Reagan administration's "despicable involvement in the region 'fundamentally harmful.'"

How Ronald Reagan perceives Felipe González and his leadership of Spain will be a test of Mr. Reagan's tests. Mr. González is tough, but with an easy, charismatic way about him. By now everyone knows how gracefully Ronald Reagan accentuates the positive with foreign leaders who do not share his world view. So the two men are sure to shake hands and come out smiling after their meeting here.

But the occasion will have been squandered if the opportunity is not taken for a frank exchange about

current relations between the United States and Spain. For there is more involved than the nuts and bolts of how to redress bilateral trade imbalances or the precise extent of U.S. rights to use Spanish military bases.

There is the bigger question: How does Mr. González reconcile domestic pressure for "information" campaign on NATO's value to Spain may turn the public around. But earlier this month there were protest marches demanding not only withdrawal from NATO but an end to the U.S. base rights. With the NATO connection a question mark, Mr. González is said to put a high premium on a close U.S. relationship.

And there lies what one knowledgeable diplomat calls the "Catch-22 for González." He cannot take out security insurance by making bilateral arrangements (including base rights and the purchase of F-18 aircraft) with a U.S. government whose policies in Central America profoundly offend the very elements

on the Spanish left (and within his party) that want Spain out of NATO.

What is more, Mr. González is on the spot with would-be peacekeepers (Mexico, Colombia, Venezuela, Panama) who seek multilateral negotiations to end the strife. They see in a European socialist leader, dedicated to democracy and representing a constitutional monarchy, just the man to take their case to Ronald Reagan. Hence Mr. González's harsh words about U.S. policy from Bogotá a few weeks ago; they were for Central Americans and home consumption.

The Reagan administration is far from ready to leave matters to the locals. But, even while expanding the U.S. military effort, it does profess regularly its sincerity in pursuit of a negotiated Central American settlement. If Ronald Reagan can convey that sincerity persuasively to Mr. González, it would give the prime minister something to show his critics back home that would be a lot more useful than Casper Weinberger's rallying cries on the blessings of full NATO partnership.

The Washington Post.

## LETTERS TO THE EDITOR

### After Minnesota

Regarding "San Francisco Ordinance Seeks to Regulate Smoking in Offices" (JHT, June 6):

The New York Times, writing about San Francisco's new smoking ordinance, displays an all too common ignorance of America between the oceans. Minnesota has had very strict no smoking ordinances in effect for several years now. Employers provide "designated smoking areas" and "designated non-smoking areas." Public places such as restaurants and waiting rooms are also required to provide smoke-free areas.

San Francisco is not the national

leader in this case, although I find it commendable that they are such enthusiastic followers of the good example set by Minnesota.

MARTHA BAKER LEVINE, Berlin.

### U.S. Leadership

Regarding "There Are Messages Missiles Won't Send" (JHT, June 9):

An enthusiastic salute to Brandt Ayers for reminding us that American world leadership was at its apex after the last world war not because of its military might but because of such achievements as the Marshall Plan and the Fulbright Exchange

program, both based on moral values and a pragmatic perspective of the future — as well as for the creation of NATO, in which we pledged ourselves along with our allies to defend those values.

LEON C. ALGRANT, Nice.

Letters intended for publication should be addressed to the editor, and contain the writer's signature, name and address. Brief letters receive priority, and letters may be edited. We cannot acknowledge all letters, but we value the views of the readers who submit them.

## Why Japan Resents the Resentment

By Ken Jahli

TOKYO — Many Japanese feel that Americans are hitting below the belt in accusing the Tokyo government of subsidizing selected high-tech industries for growth at the expense of U.S. industry's ability to compete in the world market.

Ever since Honda Industries, a U.S. machine-tool builder, complained last year that it was being hurt by unfair Japanese trade practices, and sought government protection from Japanese imports, the resentment has been smoldering.

The Japanese see it as one thing for Americans to ask them to limit automobile exports because they are hurting Detroit, or to demand that nonauto barriers be simplified in the interest of free trade. But it is another thing to demand that the Japanese government change its national industrial policy.

This policy was bluntly defined by an American congressman, Sam M. Gibbons, as "the deliberate picking up of a market, marshaling all of the government forces around it, nurturing it to development, and then pushing it outside the country to take over other markets."

That, in the eyes of American business people and business people in other countries, "is a subsidy," he went on to say. "It is a subsidy."

The words of Mr. Gibbons, a Florida Democrat, carry some weight because he is the chairman of the trade subcommittee of the House Ways and Means Committee.

But Japanese see such complaints as attacks on the basic fabric of their society. Since the Meiji restoration in the late 19th and early 20th centuries, the hand-in-hand relationship between government and the private sector has been fundamental, part of the secret of the nation's prosperity.

The Japanese are a group-minded people accustomed to acting in the interest of the larger group — and the largest group of all is the nation.

Attacking Japan's industrial policy is like telling the Japanese it is wrong to try to become No. 1, that they should be content to settle for the second or third position.

One is reminded of the London naval agreement after World War I, when Britain and the United States pressured Japan to accept the short end of a 2-1-2 ratio in naval armaments. This led to much resentment, striking at the heart of a national effort to put Japan on a par with the West in the way then considered most important, military power.

Today, national strength comes through economic power. And now, as then, the source of the nation's strength is under attack.

Statements by Mr. Gibbons and other American officials fail to take this into account. Mr. Gibbons failed to distinguish between the part of the process that consists of the careful nurturing of a market, and "pushing it outside the country to take over other markets."

Michael Smith, the deputy U.S. trade representative, also linked the two when he said, "What we are looking at are the elements of industrial policy that involve planned or systematic government intervention in support of industry and — this is the key part — its effects on trade."

The Japanese may be persuaded to modify their trade practices, however slowly, but they reject attempts to make them change official policy that targets certain industries for growth — and sometimes for contraction and redirection, as in textiles and shipbuilding.

Indeed, the powerful Ministry of International Trade and Industry, or MITI, maintains that, unlike in the postwar reconstruction years, "the industrial policy of Japan follows a soft-handed, indirect and inductive approach" and "offers fewer subsidies and imposes milder regulation than that of the Western countries."

The real reason Japanese industrial policy is criticized is because it has been so successful.

Robert Kirby, chairman of Westinghouse Electric, said here that American businessmen have the right to be jealous of Japan because the United States does not have a similar industrial policy.

And differences in the social structure of the two countries preclude a direct American imitation of the Japanese policy. But Ronald Reisch of Harvard University offers an interesting recommendation in his recent book, "The Next American Frontier." Instead of protecting American industry with temporary relief measures against exports, he says, the United States should develop a national industrial policy through an alliance with business and labor. The recent proposal in Washington to create a Department of International Trade and Industry might be a step in this direction.

The Japanese have been restrained in rejecting American charges, and believe they must remain so for political reasons. Perhaps the strongest public reaction has been that of Yoshitomo Inayama, chairman of the influential Japanese Federation of Economic Organizations, or Keidanren, who told Japanese business leaders that others have no right to meddle in Japanese policy.

International Herald Tribune.

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**FRENCH BUS CRASH** — Five adults were killed and 28 persons injured Monday on the Paris-Lille highway when a bus carrying 40 children and 14 adults from a weekend sports event hit the rear of a truck. Some of the injured were children.

## Strike at Financial Times Shows No Sign of Ending After 3 Weeks

By Barnaby J. Feder

New York Times Service

LONDON — Tens of thousands of British business executives are wishing there was a bit more color in their lives these days — salmon, to be exact. A three-week strike that shows no sign of ending has taken the strikingly colored Financial Times out of their lives.

"Virtually every single person here in brokering, banking and investment is used to getting their information from the FT," said Roger Nightingale, an equity markets specialist and economic forecaster for Hoare Govett Ltd. "It's disrupting to have to look other places to find it."

Technically, the strike grew out of the dissatisfaction of 24 press-room machine managers, eight of whom are part-time, with pay and staffing levels.

Behind it, however, is a squeeze

placed on management by the two competing unions in the pressroom, the National Graphical Association, which represents the managers, and Sogat 82, which represents the assistants. Each has been trying to improve the wages and benefits of its members in relation to the other and both have the power to shut down the paper any time they choose.

The dispute is not especially unusual by Fleet Street standards. Union militants regularly knock national newspapers off the stands in disputes over technology or agreements that may reduce the power of their units. But its timing and the special place of the Financial Times in the European business world has given the current dispute a high profile.

It began unexpectedly shortly before the June 9 national election. More important, however, it came as the Financial Times had re-

sponded to the challenge of the new European edition of The Wall Street Journal with growth that had taken it to record circulation and advertising levels.

"Everything was going so well for us," sighed Richard McClean, managing director of marketing. Advertising rose 14 percent in May and circulation had climbed to 218,000, including more than 40,000 for the edition printed in Frankfurt for distribution in Europe and the United States.

"The European edition would have gone into the black this year," Mr. McClean said. "We have been running full editions — that's 48 pages without color and 44 with it — almost every day since the end of April."

Now, if the strike lasts a month, the FT says it will lose about \$6.2 million. Whether The Wall Street Journal-Europe begins to make substantial inroads as a result is a more speculative question.

"It has to hurt our overseas sales," said Mr. McClean. "But so far, we haven't felt any adverse effect from the arrival of The Journal and I think it will broaden the market to the benefit of both papers in the long run."

The International Herald Tribune, which is based in Paris and has a circulation of about 150,000, has not felt any impact from the strike at the Financial Times, according to spokesmen at the paper. Nor does the Herald Tribune plan to expand its business news section in response.

Wall Street Journal executives visited the FT on Thursday to tell their British rival that it is The Journal's policy not to attempt to capitalize on newspaper strikes, according to Paul C. Atkinson, The Journal's international advertising director. The Journal released Sunday its May circulation figures for the European edition, which stood at 17,573, the highest since publication began in January.

"Maybe the strike will help," Mr. Atkinson said in London, "in that people will begin to read us more closely. . . . We have put out an extra 1,000 copies here, so that our regular readers can be sure of getting one."

The immediate outlook for resolution of the strike is poor. Talks under the guidance of the government's mediating service have been adjourned indefinitely and the newspaper's call for binding arbitration has been ignored by the union.

## The 'Bac': A Time of Testing for French Youth

By E.J. Dionne Jr.

New York Times Service

SCEAUX, France — This is the time in which hundreds of thousands of French students earn their certificate of adulthood. For most, it is a miserable time.

All over the country, it is the season of the baccalaureat examinations, the tests that determine whether or not students will get what amounts to their high school diplomas.

For a week or so, the bac, as it is called, becomes a national obsession. Newspapers offer tips and parodies of exam questions and answers, bookstores give prominent display to scores of easy-review texts, and families moan and worry together around dinner tables. The roughly 12 hours of exams represent a tradition here that goes back to 1808, a rite of passage for a large section of French society.

"I've dreamt about awful things," said Caroline Thompson, who was unwinding at a cafe after a history and geography exam. "I've dreamt about Chinese people crawling all over my bed." Why Chinese people? "Because I've been studying the geography and population of China," she replied. "I'd wake up in a cold sweat, trying to remember population figures."

Her friend Daisy Nichols spoke of the clock-and-dagger intelligence work some students undertook, usually with embarrassing results. "I got an urgent call from somebody last night who said he had a friend at the Education Ministry who told him all the questions on the exam," she said. "Of course, all the information was wrong."

Francois Chevallier described the bac as "an entirely negative experience." "There's nothing more important than passing, because you can't do anything if you fail the bac," he said. "But the other side is that passing doesn't necessarily guarantee you a job or anything else."

Maddy Noin-Ledanois, the headmistress of the Lycée Marie Curie in this well-off suburb southwest of Paris, said she regarded the exercise as painful but necessary.

"It's the first great test of their

lives, and these are 17 or 18-year-olds who are going through a terrible, delicate period," she said. "When I was young, I was against these exams. But now I'm for them. They're a good preparation for the sort of testing people have to go through all their lives."

Miss Nichols, an American who has been in French schools six years, agreed. "The French students acquire more maturity in high school than Americans do," she said. "The demands are greater on French students."

The idea behind the bac is closely tied to the French educational system's idea about itself: rigorous, reasonably well-rounded but especially demanding in areas where students choose to specialize and nationally standardized (although for security reasons, different bac questions are asked in different parts of the country).

Those who do not take the bac include dropouts and those who have elected to receive certificates in technical training. Students who fail the exam can take it again several times.

The Socialist government, whose plan to change the higher-education system brought thousands of university students to the streets in protest this year, has made only minor modifications in the bac. The Socialists are, however, getting rid of the special "very good" and "good" distinctions in grading. Some traditionalists fear that the Socialists will water down the bac as well.

Mrs. Noin-Ledanois, a Socialist but a critic of some of the government's programs, said the process of democratizing the schools began before the Socialists took power. It was a phenomenon of the 1960s and 1970s here as elsewhere.

For all the talk of democratization, the 270,000 French students taking the bac this year are, as a group, relatively well-to-do. One study found that, while manual workers vastly outnumber managers and professionals in the French population, the pool of those taking the bac includes many more children of professionals than of workers.

And students from places like SCEaux, a stately community of large houses and one of the loveliest and largest public parks in greater Paris, are much more likely to do well on tests than students from poorer areas. Mrs. Noin-

Ledanois estimated the pass rate on the bac at the Lycée Marie Curie at more than 80 percent, as against a national average of about 67 percent.

This is not, as in the United States, because wealthy communities spend more on their students; spending here is nationalized. But SCEaux can easily attract many of the best teachers in the public system.

It has often been said here that one can tell the political orientation of the government in power by looking at the questions on the bac exams. This year appears to be no exception.

On one of the philosophy exams, students could answer the question "Why defend the weak?" or they could comment on a text from Rousseau declaring, among other things, that "one must have societies where inequality is not too

great, where the tyranny of opinion is moderated and where voluptuousness reigns more than vanity." Many students preferred to answer the third question, "What is it to judge?"

On the history exam, students could comment on a quotation from the Soviet writer Maxim Gorki that concluded, "Long live the socialist peasants and workers! Long live the party of the Bolsheviks and its leaders! And forward, comrades, toward new victories over the forces of nature and the forces of the past!"

Politics, though, is not the only force at work. The geography exam asked students to comment on two deadly looking charts containing dozens of numbers on American foreign trade. And a free spirit seemed at work in the philosophy exam given to math and science students. One of the questions was: "Is it reasonable to love?"

## Queen Mother, in Ulster, Honors Army

United Press International

BELFAST — Britain's queen mother, defying Irish Republican Army bomb threats, attended the 75th anniversary celebrations of the territorial army Monday amid tight security.

Queen Mother Elizabeth, 82, reviewed a parade of 400 army men at St. Patrick's Barracks in Balymena, about 20 miles (32 kilometers) north of Belfast.

Army helicopters and hundreds

of heavily armed police and army units patrolled the area following IRA threats to disrupt the visit.

The visit and the parade incensed the IRA, which is committed to ending British rule and military presence in Northern Ireland. Despite the threats, there were no protests or security breaches. The queen mother was warmly received. Smiling and chatting with guests, she appeared at ease.

Earlier, she planted a willow tree

and met 200 children at Hillsborough Castle, where she spent the night. Security forces searched the children and other invited guests for concealed weapons.

Royal and ministerial visits to Northern Ireland are normally kept secret until a few hours before arrival to reduce the risk of attacks. The date of the queen mother's visit was disclosed last week, however, after a "joyrider" stole a car containing a copy of her itinerary.

## Americans Exempted From a French Tax

By Axel Krause

International Herald Tribune

PARIS — The French government has agreed to grant American residents of France a five-year exemption from the Socialist government's controversial wealth tax, the Finance Ministry has announced.

U.S. diplomatic officials, commenting Monday on the agreement, praised the ministry's "flexibility" during the negotiations, which started in January, and for settling the issue quickly.

The ministry said in a brief statement dated June 14 that the exemption would apply to assets of U.S. citizens held outside of France for a five-year period. The exemption applies on the first Jan. 1 following establishment of residence in France.

For tax purposes, including the wealth tax, a foreigner may be considered a resident upon arrival in France, assuming he intends to settle and work in the country.

The agreement also specifies that the exemption will be applied retroactively to Jan. 1, 1982, the date when the tax went into effect.

The exemption applies only to Americans but excludes U.S. citizens with dual French nationality,

the announcement said. It added that individuals affected by the wealth tax should file their tax declarations normally with a letter noting the exemption.

The wealth tax is part of the Socialist government's fiscal program imposed last June and applies to the worldwide net assets of all residents of France whether or not they are French citizens. It was criticized by conservative groups as being unfair.

The U.S. Treasury Department and the French Finance Ministry began the negotiations in response to complaints about the tax from American business executives and wealthy residents of France. Many argued that the tax would worsen the investment climate in the country and some said they had already changed their legal residence to avoid the tax.

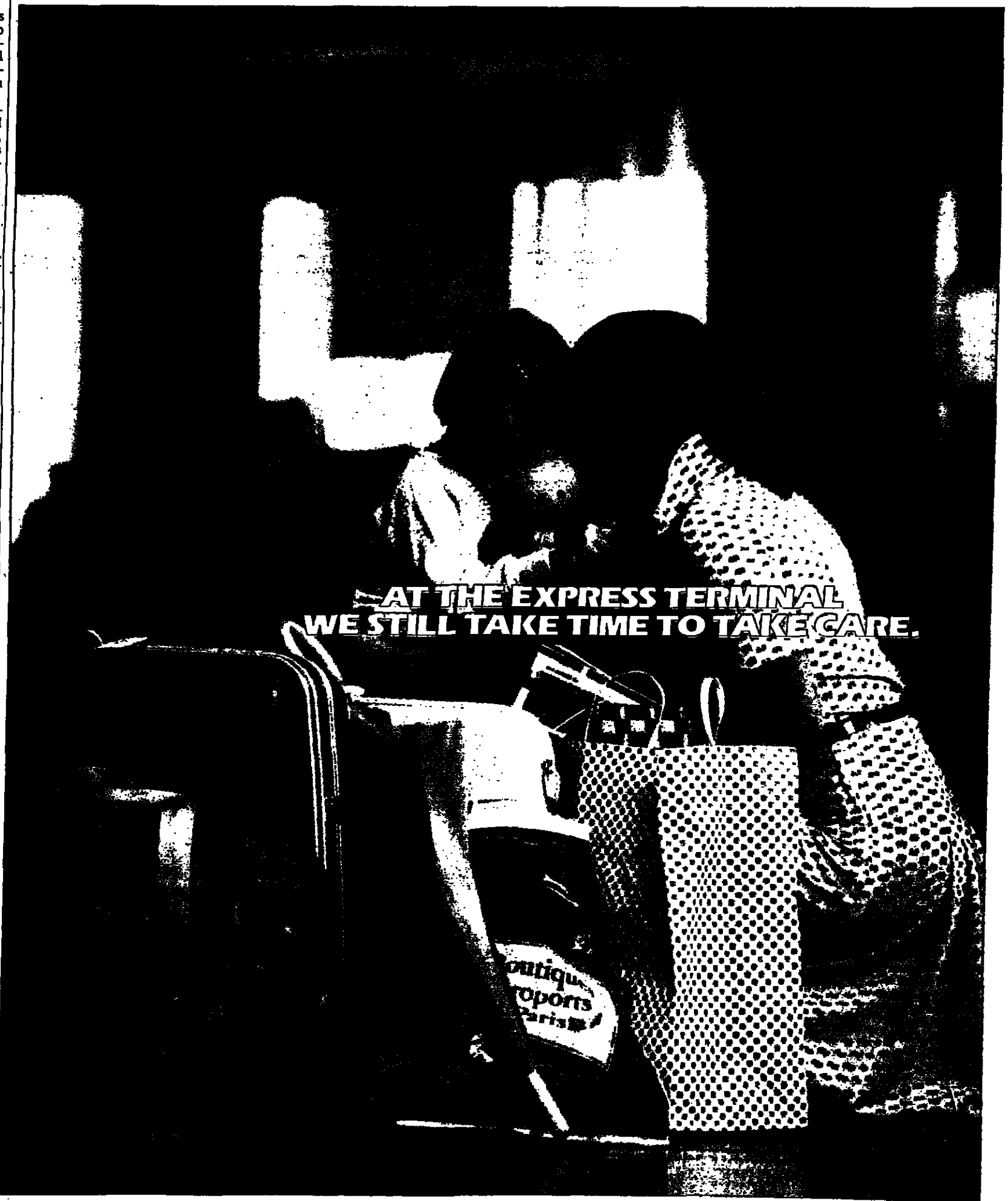
"It is good news," commented Stephanie H. Simonard, president of the Paris-based Association of Americans Resident Overseas. "It could have dragged on for a year."

She noted that in order to be subject to the tax in 1983 an individual would have to have a minimum net worldwide wealth of 3.2 million francs (about \$416,000).

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## U.S. Space Team Prepares to Launch West German Satellite by Robot Arm

By Thomas O'Toole

CAPE CANAVERAL, Florida — The five astronauts on the seventh flight of the space shuttle turned on the power Monday for a retrievable 3,200-pound (1,454-kilogram) West German satellite that will be released by the shuttle's robot arm on Wednesday.

The \$25-million instrument package was built by Messerschmitt-Bölkow-Blohm, the largest aerospace company in West Germany. It houses eight instruments and three cameras.

On Wednesday, John M. Fabian and Sally K. Ride will use the 50-foot robot arm, built by a Canadian company, to pick up the instrument package out of the shuttle's cargo bay, lift it high over the craft and release it into space.

Robert L. Crippen and Frederick H. Hauck will then fly the shuttle to a spot about 1,000 feet (300 meters) away from it and have the package photograph the shuttle.

It will give earthbound viewers their best look yet at the shuttle as it flies through space, and supply flight directors and engineers with information about the condition of the shuttle, its thermal protective tiles system and the way its maneuvering engines fire.

The instruments on the West German satellite range from telescopes that will be looking at the Earth to devices that monitor the exhaust fumes of the shuttle's 33 maneuvering engines.

For the most part, the shuttle crew spent a relaxing day in space compared to the first two days of orbit.

For the first time, a woman astronaut in the Mission Control Center in Houston was talking with a woman in space. When Mary Cleave turned over her console at the end of her shift Monday morning, she said goodbye to Miss Ride, the first American woman to fly in space.

The astronauts televised their cabin activities and gave viewers a look at the West German satellite on three occasions Monday.

One time, Miss Ride was seen wearing a blue and white tee-shirt and a pair of shorts.

The astronauts also powered up for the first time the largest radio antenna carried aboard a shuttle craft, which will be used on the next flight to communicate to Earth through the Tracking Data Relay Satellite that was put into orbit on the sixth shuttle flight last April.



U.S. astronauts aboard the shuttle show off tee-shirts worn by astronauts selected in 1978.

This satellite is the one that ran into trouble because of a misfiring engine and ended up in an erratic orbit.

It has been raised in a series of rescue maneuvers and is expected to reach its final destination late this month and be ready to act as a switchboard-in-space for all future shuttle flights starting with the eighth in September. On that flight, a \$1-billion Space Lab built by the European Space Agency will make its maiden flight aboard the shuttle with a West German astronaut as one of the two scientists who will

be running more than 40 experiments.

**Satellite Moved Closer**

A multimillion-dollar satellite that went astray after being launched by the space shuttle Challenger in April was maneuvered closer to its proper orbit Monday, United Press International reported in an announcement from Washington by the National Aeronautics and Space Administration.

Small guidance rockets attached to the satellite were fired during the early morning, raising the low point of its orbit by almost 150

miles (240 kilometers) to 21,500 miles.

The firing lasted the scheduled 42 minutes and went off without any sign of the vapor lock problems that had troubled earlier firings. Seven more firings are planned and officials expect the satellite will be in place late this month.

The satellite was launched by Challenger in April but a rocket malfunctioned and the satellite failed to reach the 22,236-mile orbit that would keep it stationary over Earth.

## First Flight of Woman Cosmonaut, In 1963, Is Celebrated by Russians

By Dusk Doder

WASHINGTON, Post Service

MOSCOW — The first space flight of an American woman has been met with profound silence in the Soviet Union, but a few days before Sally K. Ride went into orbit aboard the Challenger, the Russians made a big to-do about Valentina Tereshkova's historic orbital flight 20 years ago.

Miss Tereshkova was 26 when she became the first woman in space, orbiting from June 16-19, 1963. Although she was reportedly terrified during the launch and suffered physical discomforts, she returned to Earth as a Soviet heroine.

Svetlana Savitskaya followed as the second woman in space when she and four male cosmonauts spent a week aboard the Salyut-7 space station last August.

These two are frequently held up as proof that women are equal members of Soviet society.

Both Miss Tereshkova and Miss Savitskaya have repeatedly said as much in "high public statements," but the Soviet media tended also to portray them as being fond of sewing, pleased to be presented with an apron for a gift and combining their "presence of mind and courage" with their "charm and femininity."

Miss Tereshkova became a Soviet goodwill envoy after her flight. Later, she was elected to the policymaking Central Committee and made a member of the presidium of the Supreme Soviet, a type of collective state presidency.

With such positions, her social functions during the past decade could be compared to those performed by close relatives of the British monarch. She meets dignitaries, attends various festivities and is invariably seated at the main table during major party celebrations.

While Miss Tereshkova comes

from a modest background, the 34-year-old Miss Savitskaya is daughter of Air Marshal Yegor Savitsky, twice Hero of the Soviet Union for his performance in World War II. Her brother is a Soviet air force pilot and so is her husband.

It was said that Miss Tereshkova was selected for the first flight because of her good looks and despite the fact that she had minimal flying experience.

By contrast, Miss Savitskaya's journey into orbit reads like "How to Become a Cosmonaut."

In a recent interview, she recounted, fifty from her youth she wanted to be a pilot and with her father's help began to fly and parachute as a teen-ager. At 17, she captured three world records doing 500 jumps.

She enrolled at the Moscow Institute of Aviation Technology and upon graduating became a test pilot. She is proud that 11 of the 18 speed records she set are still standing.

Miss Tereshkova, in recent pronouncements including last week's interview with Tass, tends to talk about the issues of war and peace. She was divorced from her cosmonaut husband, Andrian Nikolayev, last year. The couple have a 19-year-old daughter.

Miss Savitskaya, while also given to pronouncements about the danger of nuclear war, seems far more independent minded and articulate.

She has taken her recent attention in stride, having tasted fame at 22 when she became world aerobics champion. She radiates competence and confidence, yet seeks to portray herself as a typical Soviet woman.

Speaking with a Western reporter recently, she said her typical day is "pretty much like that of any Soviet woman. I get up, fix breakfast for me and my husband. Then I go to work. Come home." Her work is important.

She and her husband, Viktor, have no children. "If it were not for the help of my husband with moral and daily problems, if not for his understanding, I don't think my flight would have been possible," she added.

### Confidence Vote On Austerity Plan Called by Soares

Reuters

LISBON — Prime Minister Mario Soares announced Monday an austerity program to combat Portugal's grave economic crisis and called for patriotism and sacrifices by the people.

The 58-year-old Socialist leader, presenting the program agreed by his new center-left coalition, said he would call for a parliamentary vote of confidence after a three-day debate on the program beginning Wednesday.

Mr. Soares, prime minister for the third time after five years in opposition, gave notice that he would ask for special powers to legislate in key areas during the summer recess due to begin at the end of this month.

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الشرق الأوسط

## In Canadian Politics, Parlez Français, or Else Experience and Wit Aren't Enough to Save Unilingual Office Seeker

By Stanley Meisler  
Los Angeles Times Service

OTTAWA — Losing his temper over persistent questions about his inability to speak French, John Crosbie of Newfoundland, campaigning to be leader of the Progressive Conservative Party, blurted out that, as prime minister, he would speak to French Quebecers the way he would speak to Chinese and German officials — through an interpreter.

The remark came back to haunt him. During the recent party convention here, a Crosbie lieutenant pleaded with French Quebec followers of former Prime Minister Joe Clark to switch their votes to Mr. Crosbie.

"Tell him," a French Quebecer said, "to get his votes from the Chinese." The incident reflected what may turn out to be the most significant result of the convention that named Brian Mulroney, an Irish-Canadian brought up in both the French and English languages in Quebec, as its leader and thus its candidate for prime minister in the next general election.

The convention appears to have set aside the notion that a politician who speaks only English can become prime minister.

The Progressive Conservatives are a party of minimal significance in Quebec, holding only one of the 25 Quebec seats in Parliament. They are known in Quebec as "le parti des Anglais."

In the view of some English-speaking party members, there is something unfair about the need for a politician to pass a language test.

"There are 20 million of us who are unilingual English or French," Mr. Crosbie said during the campaign. "I don't think that the 3.7 million who are bilingual should suddenly

think themselves some kind of aristocracy and only leaders can come from their small group."

Yet when the moment of decision came, Mr. Crosbie, 52, failed in his attempt to become party leader, despite his experience as minister of finance, his oratorical skills, his Newfoundland wit and his genuine popularity.

Instead, the delegates made their final choice between Mr. Mulroney, who learned French as a child, and Mr. Clark, who studied it as an adult. Many analysts said that if Mr. Crosbie could speak French, he might have won.

Mr. Crosbie's failure reflected a reality of Canada and of internal party politics. Of the 3,809 registered delegates at the convention, about a quarter were from Quebec.

Years ago, French Quebecers at a Progressive Conservative Party convention might have accepted the inevitability of a leader who could not speak French. But the future French Canadian nationalism of the 1970s, culminating in the election of the separatist government of Premier René Lévesque, has changed that attitude.

Additionally, the Liberal Party government of Prime Minister Pierre Elliott Trudeau, a French Quebecer, has transformed the face of the federal administration in Ottawa so that a French Canadian can deal with it in French with ease.

Perhaps even more significant for Progressive Conservatives, Mr. Clark, when he became prime minister in 1979, showed how an English-speaking adult, through grueling determination, could master the French language.

During the campaign, Mr. Mulroney told delegates that the Liberals in the last election had won 100 of the 102 parliamentary districts in which French speakers made up at least 10 percent of the population. In winning their parliamentary majority, Mr. Trudeau's Liberals took only 49 other seats.

"You give Pierre Trudeau a head start of 100 seats," Mr. Mulroney said, "and he's going to beat you 10 times out of 10."

At first, Mr. Crosbie tried to downgrade the language issue. He insisted that Canadians would be better off with a prime minister "who is sincere in one language than someone who is a dishonest twister and a twit in two."

The political enemies of Mr. Trudeau loved the remark. But journalists and French Canadians were troubled by its implications and kept asking Mr. Crosbie how he expected to communicate with Quebecers as prime minister.

The constant badgering on the subject finally unnerved him and provoked his outburst lumping French with German and Chinese. Quebecers were enraged. His words implied that Quebecers would be treated by a Crosbie government as if they were foreigners.

When the convention opened, Mr. Crosbie knew he had to meet the problem in another way. He dramatically pledged to learn the language.

While many delegates applauded his effort, Mr. Crosbie failed to sway Quebecers. He had lived in Ottawa for seven years and never tried very hard to learn the other official language.

The failure to attract Quebec votes ensured his defeat.

## Arafat Calls Fighting In PLO 'Very Serious' And Criticizes Libyans

The Associated Press

DAMASCUS — Yasser Arafat said Monday that fighting within the ranks of the Palestine Liberation Organization was "very serious" and he accused Libya of providing soldiers to support the rebellion against him.

But the PLO chairman indicated that he did not consider the split a grave threat to his leadership.

Mr. Arafat made the remarks after a seven-hour meeting with his closest aides in Damascus. The meeting, which ended early Monday morning, followed a weekend of clashes between rival guerrilla factions.

"I know how strong the platform beneath me is," Mr. Arafat said in an interview. "I am the chairman of the Palestine Liberation Organization, the sole representative of the Palestinian people. I am the commander in chief of the Palestinian forces and it is my duty to fight and struggle to preserve the independence of the Palestinian decision."

Mr. Arafat accused Colonel Muammar Qaddafi, the Libyan leader, of provoking the crisis.

"It is no secret," Mr. Arafat said, "that we have declared that Arab regimes are supporting this disagreement. Qaddafi has personally declared he was supporting them with money, armaments and everything."

Jihad Saleh, a rebel spokesman in Damascus, accused Mr. Arafat's backers of using force to resolve political differences within Fatah. He denied that outsiders were involved.

Mr. Arafat said the fighting in the Bekaa Valley in eastern Lebanon was "a serious step" and contended that Libyan forces, supported by tanks and armored vehicles, had attacked Fatah positions with the help of Libyan-backed guerrillas. Fatah, headed by Mr. Arafat, is the largest of the eight factions comprising the PLO.

"It is very serious," Mr. Arafat said. "It means that the Arab intervention is no longer limited to material support but has been translated into action as well."

Mr. Arafat insisted that the PLO's activities would not be hindered by the mutiny in guerrilla ranks and said that such "disturbances" might continue.

"We are in a revolution, not a picnic," he said, adding, "We know how to deal with these things."

The competing factions traded artillery fire Saturday in eastern Lebanon. On Sunday, Ezzedine Shereif, a leader of Mr. Arafat's faction, was wounded during an ambush by about 25 gunmen at a Palestinian camp near Damascus.

Mr. Shereif, known as Abu Ziad, oversees PLO activities in Israeli-occupied territories. Doctors said his condition was not serious.

In the United Arab Emirates, the newspaper Khaleej Times said one of the radical groups, the Popular Front for the Liberation of Palestine-General Command, claimed it had abducted 50 Fatah fighters in the Bekaa Valley in retaliation for the Fatah kidnapping of four of its members.

A planned meeting Saturday of the PLO's 76-member revolutionary council was postponed because of the violence. Mr. Arafat and the other 12 members of Fatah's central committee met to discuss the latest developments.

Before it was postponed, the revolutionary council meeting had been enlarged to include leaders of three radical groups — the Popular Front for the Liberation of Palestine, the Democratic Front for the Liberation of Palestine and the Palestine Liberation Front.

The three have supported the demands of hard-line officers who broke away from Mr. Arafat six weeks ago but who oppose a split in guerrilla ranks. They have called for "democratic negotiations" to end the rebellion.

Mr. Arafat declined to say whether the uprising would affect his policies. The rebels have said Mr. Arafat has strayed from the original Fatah doctrine calling for armed struggle "as the only way to liberate Israeli-occupied Arab lands."

## Abe Ties Japan Aid To Vietnam Pollout

United Press International

TOKYO — Japan will continue to freeze aid to Vietnam unless Hanoi pulls its troops out of Cambodia, Foreign Minister Shintaro Abe said Monday. Japan has withheld all foreign aid to Vietnam since 1979, and froze a \$58-million aid package that had been approved.

Mr. Abe outlined the Japanese aid policy a week before he is to go to Bangkok to take part in a meeting of foreign ministers of the Association of South East Asian Nations. Japan's aid was frozen in retaliation for the invasion of Cambodia.

## Guinean-Soviet Talks

United Press International

MOSCOW — The Soviet defense minister, Marshal Dmitri F. Ustinov, and General Lansana Diané of Guinea discussed questions of mutual interest during a meeting on Monday, Tass said.

## Juror, Mum on Spouse, Wins U.S. Court Ruling

Los Angeles Times Service

SAN FRANCISCO — Carolyn Bobb, called as a prospective juror in a criminal trial last year in Salinas, California, took her seat in the jury box and began to answer Judge Raymond Simmons' routine biographical questions.

But Miss Bobb, a bankruptcy lawyer from Monterey, California, balked when asked whether she was married — and, if so, what her husband's occupation was.

She said she did not think it was fair that, while female jurors had been asked about their spouses, no such questions had been asked of male jurors. "What's relative to women is relative to men," she said.

Miss Bobb was found in contempt and sentenced to one day in jail. Backed by the American Civil Liberties Union, she challenged the contempt order as unconstitutional. Such questions, Miss Bobb acknowledged, were permissible in guarding against juror prejudice. But, she said, when they were asked in a discriminatory manner — only of women — they constituted a denial of equal protection.

A Monterey County Superior Court rejected her claim. But last week the California Court of Appeal overturned the contempt judgment, finding that asking the questions only of women was "a relic of a bygone age when women were presumed incapable of independent thought."

## Robert A. Lewis Dies; Co-Pilot of Enola Gay

Compiled by Our Staff From Dispatches

NEWPORT NEWS, Virginia

Robert A. Lewis, 65, who was the co-pilot of the Enola Gay, the B-29 bomber that dropped the atomic bomb on Hiroshima, died Saturday of a heart attack in Riverside Hospital here.

"My God, what have we done?" Mr. Lewis had written in his log of the mission on Aug. 6, 1945. "If I live a hundred years, I'll never quite get these few minutes out of my mind."

When General Paul W. Tibbets Jr., then a colonel, was chosen to command the B-29 to be used on the mission, he selected Mr. Lewis, an air force captain who had survived two crashes and had a reputation for remaining calm in moments of stress, to be his co-pilot.

"I'll never forget that feeling," Mr. Lewis said last year. "You could see a good-sized city, then you didn't see it anymore. It was simply gone."

The bomb exploded 1,890 feet (576 meters) above the city. It destroyed 70,000 buildings and killed an estimated 80,000 people.

He said he did not regret the mission because he was convinced the bombing of Hiroshima, and of Nagasaki a few days later, hastened the end of the war and saved many American and Japanese lives.

He advocated a freeze on the development of nuclear weapons and their reduction, but said that the chances were slim they would be used and he doubted the United States could act first.



Robert A. Lewis

After World War II, Mr. Lewis became a commercial pilot, then went into the candy business. He received several patents for improving machinery for candy manufacturing. In 1981 he retired to Smithfield, Virginia.

## Strike Hits Liège Area

Reuters

BRUSSELS — Rail and bus services were paralyzed as about 10,000 municipal workers in the eastern Liège region went on strike Monday to protest government austerity plans. Other public services were also badly affected.

## NATO Leader Favors Unilateral N-Arms Cut

Reuters

BRUSSELS — NATO's military chief said Monday that the West could unilaterally reduce its nuclear arsenal without affecting deterrence.

Admiral Robert Felt, chairman of the alliance's Military Committee, said in an interview: "If arms control talks don't work, then it might become necessary to act unilaterally to reduce especially battlefield nuclear weapons because we have perhaps more than we need."

Admiral Felt, a Canadian, who is retiring from his post at the end of the month, said he had no doubt that nuclear weapons were the ultimate deterrent. But he said the escalating arms race had turned into madness, pitting Soviet and Western technology against one another in a constant effort to build more and bigger weapons.

"We had a deterrent at one time that was at a much lower level. We have not managed to keep arms supply under control. But it's not outside the realm of possibility to return to that lower level," he said.

He said that if the West honestly examined what it needed to ensure its security and to have a clear second-strike capability — the ability to respond to a nuclear attack — it might well find it appropriate to reduce its arsenal.

"If we did that, I think we'd find that we could demonstrate to the Soviets that both sides could stop the proliferation of nuclear arms."

The admiral said he did not question the North Atlantic Treaty Organization's plan to deploy 572 land-based medium-range nuclear missiles in Western Europe beginning in December. But he said Western political leaders tended to forget the importance of submarine-launched missiles, which, he said, have an enormous deterrent capability and should force leaders to think again about the need for new ground-launched systems.

NATO officials have frequently said that the importance of deploying new ground-launched nuclear weapons in Europe was as much psychological and political as military.

"The most glaring example of our need to reduce our arsenal is in battlefield nuclear weapons," Admiral Felt said. "Just the time it takes to get the political approval to use them, not to mention the strong public opposition to them, means their real value is thrown into question."

Admiral Felt also criticized statements by political leaders about the possibility of a nuclear war. He said the public needed to understand the value of a nuclear arsenal used with other, diplomatic, means for keeping the peace. Aggressive statements about limited nuclear war, he said, did little to

educate the public about the deterrent role of nuclear arms.

"We can't expect to go on gaining the support of the people of NATO if we rely too much on nuclear weapons and don't explain what we're doing," he said.

Regarding arms-control negotiations, he said President Ronald Reagan's zero option, whereby all land-based medium-range missiles would be banned by both sides, could cause problems because the Russians could still deploy their SS-20, whose 900-kilometer (550-mile) range is just below the medium threshold, and keep Europe under threat.

## 12 Bank Robbers Tried in Madrid

The Associated Press

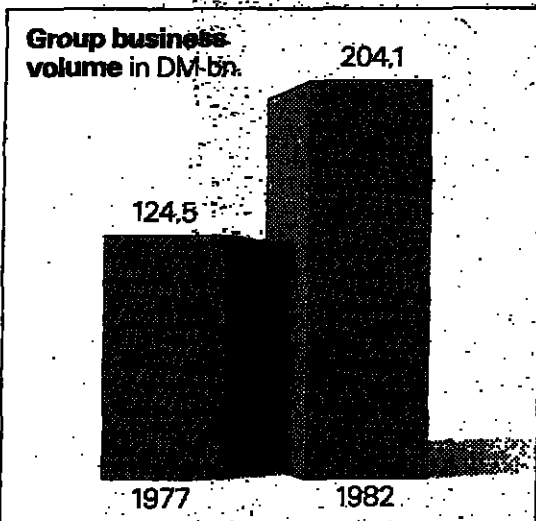
MADRID — The state has asked for more than 42,000 years in prison for 12 defendants charged with the 1981 armed robbery of a Barcelona bank. The trial of the 12 accused began Monday.

Thirteen gunmen entered the central bank of Barcelona on May

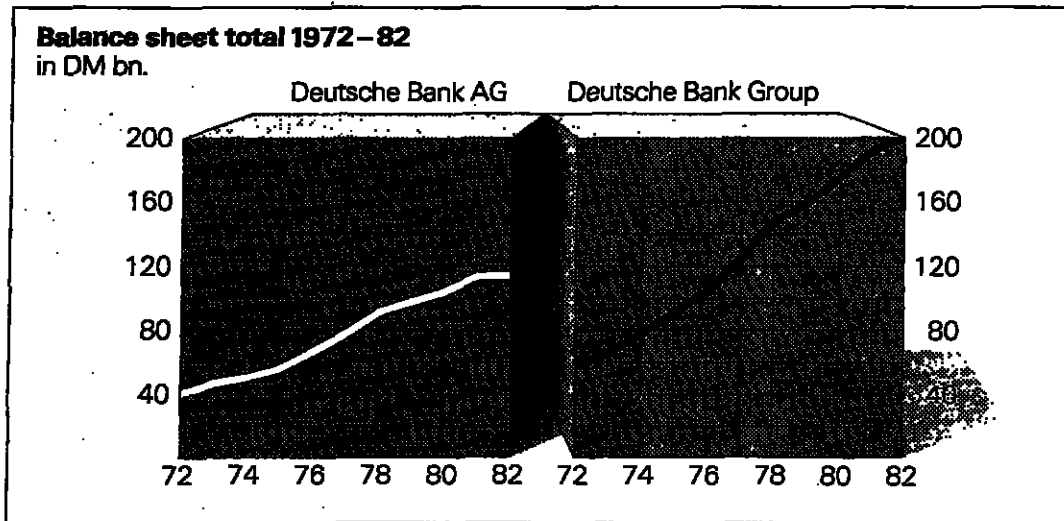
23, 1981, initially holding more than 200 persons hostage. Special anti-terrorist units stormed the bank in a hail of gunfire, freezing more than 70 hostages and killing one of the gunmen.

During Monday's session, the defendants said their attack on the bank was for only to get money.

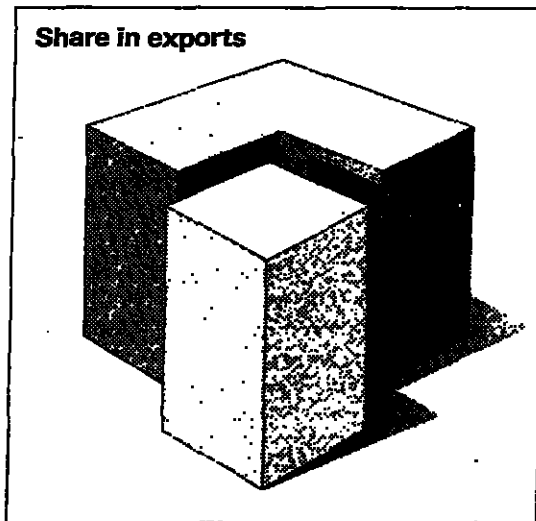
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## Foreign network continues to grow.

In May and June 1982, we opened representative offices in Los Angeles and Chicago.

After taking over the holding company Deutsche Credit Services, Inc., in Deerfield, Illinois (U.S.A.), we now have in Deutsche Credit Corporation a wholly-owned subsidiary specializing in industrial sales financing.

In Japan we opened a representative office in Nagoya, one of the country's important business centres, in February. In October we converted our representative office in Osaka into a branch.

In June we received authorization to open a representative office in Bahrain.

At the end of 1982 Deutsche Bank had 13 foreign branches and 9 wholly-owned subsidiaries abroad. Together with our holdings and representative offices, we have 93 bases in 54 countries.

## Foreign subsidiary banks and financing companies.

Deutsche Bank (Asia Credit) Ltd., Singapore, engages primarily in international lending and in money and foreign exchange dealing. At the end of 1982, the bank's balance sheet total came to the equivalent of DM 2.1 bn.

Deutsche Bank (Canada), Toronto, successfully completed its first business year on 31.10.1982.

The bank operates as a Commercial Bank under the Canadian Bank Act in short and medium-term lending and deposits business as well as in the services sector.

Its balance sheet total came to Can. \$ 121.2 m. as at 31.12.1982, with total credit extended to customers of Can. \$ of 65.2 m.

As at balance sheet date 30.9.1982, the balance sheet total of Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg, came to Lux. frs. 503 bn. (DM 24.9 bn.).

The emphasis in the bank's operations continues to be on lending. Total credit extended

as at balance sheet date was Lux. frs. 394 bn. (DM 19.5 bn.).

Deutsche Bank (Suisse) S.A., Geneva and Zurich, as a specialized institute in Switzerland, serves primarily international private customers in the fields of investment counselling, trust business and foreign exchange and precious metals dealing.

The bank's second business year has already closed with a positive result. Balance sheet total increased to the equivalent of DM 383 m. (previous year: DM 132 m. converted).

Atlantic Capital Corporation, our investment banking subsidiary in New York, participated this year too in a number of share and bond issues. Since 31.12.1982 Atlantic Capital Corporation has been a member of the New York Stock Exchange. Its balance sheet total at year's end came to US \$ 51.4 m.

## Strong growth in Eurobonds.

In international issuing business we took advantage of the favourable state of the Euro-capital market to expand our business strongly. The bank lead-managed, managed or co-managed a total of 269 Eurobond issues; that was almost twice as many as in the previous year (139). The biggest single transaction to date on the Eurocapital market, a US \$ 750 m. bond issue for Canada, was lead-managed by our bank.

## EBIC: (European Banks International).

The exchange of views and experience with the six partner banks in EBIC was continued. At the end of the year the two EBIC subsidiaries Banque Européenne de Crédit (BEC) and European Banking Company (EBC) were merged.

At European American Bank (EAB), New York, the balance sheet total rose to US \$ 8.3 bn.

European Asian Bank AG, Hamburg, again registered an impressive increase in lending to corporate customers in the Asian-Pacific region. The balance sheet total rose by 18% to DM 6.3 bn.



## ARTS / LEISURE

## Carla Bley: Music To Be Colored-In

By Michael Zwercin

**PARIS** — The most obvious question is: how does it feel to be a woman leading 10 male jazz musicians (a macho breed)? The response: "Gee, do you have to ask that?"

The most obvious characteristic is often the most interesting, even if she does get asked that all the time. Liberated or not, men often have trouble relating to a female boss. Watching her so much in command on stage, anyone is bound to wonder what sort of woman she is. Is she really leading them?

But it was 9 A.M. after a late concert and she was gulping a grapefruit before dashing from hotel to bus for the next one. Not the time to delve into interesting characteristics, and besides you can get the answer from just about any jazz (or rock) musician on either side of the Atlantic (or Pacific). — Carla Bley is a peer among peers.

She was born in 1938 in Oakland, California, and her first musical experiences involved plenty of hymns, such as "Onward Christian Soldiers," in the church where her father played organ and led the choir. He taught her piano; she accompanied services in her teens, dropped out of school as soon as it was legal and went to New York, where she found jobs as a cigarette girl at Birdland and as a cloakroom attendant in the Jazz Gallery. It was the heyday of bebop and it turned her head.

She began to write tunes ("Ida Lupino," "Sing Me Softly of the Blues") that would become standards. Some were recorded by people like Gary Burton, Art Farmer and the pianist Paul Bley, whom she married in 1957 (after they divorced she married the trumpeter Michael Mantler, who plays in her band), but at first she could not sell many of them. "I used to go up to Sonny Rollins and John Coltrane and say, 'Gee, wouldn't you like to play this?' But that didn't work. I found out that if I wanted to get my music played I would have to become a bandleader."

Her work became more ambitious. It took four years to complete "Escalator Over the Hill," a free-jazz oratorio that she recorded with an eclectic jazz-rock crew including Jack Bruce, Linda Ronstadt, Don Cherry, Robert Wyatt and John McLaughlin. It has what the critic Charles Fox calls "a persistent hint of parody." You can hear the influence of Kurt Weill

and Erik Satie (she recorded her piano version of Satie's "Parade" on her first home tape recorder). The album has been reissued and is a classic. Bley has since begun, however, to question the premise of free jazz and take parody closer to frivolity, providing a rock-oriented, highly visual, humorous format for avant-garde jazz.

Bley's current formation plays an assortment of rock jazz, variety music, Polish drinking songs and several variations on the familiar song "La Paloma," which can be heard on her recent album of the music she wrote for the French film "Mortelle Randonnée," starring Isabel Adjani. She explained: "The woman in the film whistles 'La Paloma' every time she murders somebody. The producer was a little embarrassed asking me to write little bits of 'La Paloma' here and there. He was surprised that I wasn't insulted, but I just love 'La Paloma.'"

Her fascination with irony and ambiguity is reflected in the name of her record label, "Watt," with its references to a unit of electricity and to a musically and politically active black neighborhood in Los Angeles, as well as its pun on "What?" Watt has a distribution deal with the successful West German label ECM, which in turn has distribution deals with several multinational record companies. "I don't understand any of it. Business scares me. I don't do anything but write the music and stand in front of an orchestra that plays it. I don't even know where I'm performing tonight. They just sort of push me out there."

She lives in the country near



Carla Bley: Satie and Spike Jones.

Woodstock, New York, where she also has a recording studio. "After my last tour I had a heavy heart. This is personal and I'd rather not go into details, but those words kept going through my head. I went right upstairs without unpacking and wrote a piece I called 'Heavy Heart.' It's my latest piece and I'm very proud of it."

Once active in the cooperative Jazz Composers Guild, which was midwife to free jazz in the '60s, Bley cringes now, imitating it: "Creeeaaachowee! You could say I got tired of the noise. Sometimes when I think that I was stepmother to that hideous child that should have been put to sleep when it was born."

Her 16-year-old daughter, Car-

rie, who studies music and travels with the band as a sort of roadie, interrupted: "What did you say?"

"Oh my God, Carrie," Bley laughed, hugging her. "I didn't mean you." She continued: "Maybe I got brain damage. I'm not saying this to shock anybody — maybe I'm trying to shock myself — but I'm a jazz musician who doesn't play jazz. I write pieces that are like drawings in a crayon book and the musicians color them themselves. The choice of musicians is essential. That's why I had to get my own band. But I don't want just an ordinary band — I want something quite strange, important, historical, valid this way and that. One of my first heroes was Spike Jones."

## Bernstein's Opera Debuts in Houston

By Lon Tuck

Washington Post Service

**HOUSTON** — Leonard Bernstein's intensely felt and frequently grim new opera, "A Quiet Place," had its premiere here at Jones Hall for the Performing Arts before an audience that broke in repeatedly with applause and rose for a seven-minute ovation for the composer at the end.

But there was already a sign that "A Quiet Place," like many of Bernstein's works, may be controversial. It was hailed in the Houston Post by the critic Carl Cunningham as "a masterful music drama and deeply moving statement on the subject of human tolerance."

But in the Houston Chronicle, Ann Holmes wrote that the opera represented "a valiant but only partly successful effort" to come to terms with its subject, the pain of death and the problem of estrangement within a contemporary American family.

Roger L. Stevens, chairman of the Kennedy Center, which is producing the opera jointly with the Houston Grand Opera and La Scala in Milan, was present for the opening. He said during intermission at Friday's premiere that though he had not yet seen "A Quiet Place" in its complete version, most of the people with whom he had talked about it here were "ecstatic."

In this production, "A Quiet Place" was double-billed with Bernstein's 31-year-old opera "Trouble in Tahiti." The latter is about the strained marriage of an archetypal couple, Sam and Dinah, "in a little white house" in a carefully manicured suburb.

In "A Quiet Place," which is a far more complex and lengthy

work, the composer picks up on the same family 31 years later, as a way of exploring the acute strains that have been placed on the institution of the family during the intervening years.

"A Quiet Place," which follows "Trouble in Tahiti" in this production, lasts one hour and 45 minutes and is made up of four scenes connected with orchestral and vocal interludes. The mother, Dinah, has just killed herself and the two children, Dede and Junior, who were long estranged from their parents, return for the funeral and to confront their father, Sam.

The opera, while not literally autobiographical, grew out of the common experience of both Bernstein and 30-year-old librettist, Stephen Wadsworth, of losing close family members. In Bernstein's case it was his wife, Felicia Montalegre, and in Wadsworth's case

it was a sister who was killed in a car accident. One poignant detail that Bernstein took trouble not to publicize was that the premiere took place the day after the fifth anniversary of his wife's death.

An especially dramatic moment during the bows on opening night came when Bernstein, as he crossed the stage lingering cast members, paused for a long embrace with soprano Sheri Greenwald, who plays Dede and whose own father had died only five days before.

The discrepancy in the reactions of the two Houston critics is not as hard to explain as it might first seem. Holmes's principal criticism is that "A Quiet Place" "lacks the inspired melodic material of 'Trouble in Tahiti' and in fact borrows its best material from 'Tahiti.'"

Cunningham suggested that this was deliberate on Bernstein's part

He observed with approval that "the score proceeds very much from the style of the Second Viennese School," typified by the atonal works of Schoenberg, Webern and Berg, a school of composition that is not particularly melodic in the conventional sense. The densely symphonic score moves back and forth freely between tonality and atonality, using, among other things, Dinah's aria from "Tahiti" — "Then love will lead us to a quiet place" — much in the way that Berg, especially, would use such tonal material in his works.

Holmes also wrote that the text of "A Quiet Place" was "mucky" and "often unconvincing." The performances and productions were strongly praised and there was agreement that "Trouble in Tahiti" remained, as Holmes wrote, "a gem."

## A Soviet Faust in Vienna

By Diane Foulds

Washington Post Service

**VIENNA** — A modern composition based on the Faust legend that was banned last month in Moscow opened here Sunday to a standing ovation.

The composition, "Be Sober and Vigilant," a multi-style oratorio by Alfred Shnitke, one of the Soviet Union's best-known modern composers, is based on a folk version of the Faust material written in 1587.

In a performance lasting a little over an hour, Genady Rozhdestvensky conducted the Vienna Symphony Orchestra, chorus, organ and four soloists in a suspenseful, stirring and provocatively incongruous depiction of Faust's loss of his life and soul.

The first performance was supposed to have been in Moscow's Tchaikovsky Concert Hall on May 24. Four days earlier, it was called off.

"No one called me personally," said Shnitke. "The authorities told Avangard Fedotov, the director of the Moscow Philharmonic, and he passed the word on to me. He said they had found the text overly mystic, and that the participation of Alla Pugachova would place too much attention on this." Pugachova is the Soviet Union's top popular vocalist.

"Mystic," in official Soviet terminology, means religious. One of the final choral segments of the work urges the listener to embrace God and watch out for the devil.

In Vienna's Konzerthaus, the oratorio began like a hushed dirge, continued with a roaring, thundering crescendo and fell back to the intermittent bangs of a death knell. The archaic German text, half sung and half spoken, was undercut now and again by runaway instrumental solos that shot through the choral drone like flashes of lightning. Near the middle of the work, a low, sensual woman's voice entered the hall as if from the ceiling. A seductive blond in black silhouette heels and a shiny sequined nightgown moved through from the back, microphone in hand. Taking over the narration of the piece, she parodied the sobriety of the chorus in archaic German set to rock, her highest notes bordering on laughter.

The effect was spellbinding. But it was not Alla Pugachova.

"Alla is on contract in Prague this week," said Shnitke. "Carol Wyatt, who is filling the part, has a wonderful voice. She is very talented. But there's no substitute for Pugachova. She is the best."

Musicians in Austria said the scandal helped Shnitke get to Vienna. Soviet authorities, they explained, wanted him out of the capital so that Western journalists wouldn't be able to blow up the scandal. The oratorio had been commissioned for the Vienna Choral Academy and slated for the Vienna Festival Weeks, which ended Sunday.

The inspiration for the work came from Yuri Lyubimov, director of Moscow's Taganka Theater. "He's wanted an opera based on the second half of Goethe's 'Faust' for years, but we've had to postpone planning its realization." Then came Vienna's invitation.

"I had no idea that 'Faust' was to be the main theme of the festival, but I immediately thought of the 'Historia von Dr. Johann Fausten,' printed in Frankfurt in 1587," Shnitke would like to make an opera from the piece, but there is some doubt whether Soviet authorities would allow it to be performed — especially after last week's Central Committee meeting, when the Soviet Politburo member Konstantin U. Chernenko announced that the role of the arts must be to present "positive Communist heroes."

Faust is hardly what the ideologists in Moscow would consider a positive Communist hero. "It is a negative passion," said the composer, "since it deals with a Christian who, if not a martyr, could be called 'evil' and good Christian."

Shnitke, 47, who was born into a family of "Volga Germans" in central Russia, grew up speaking German at home. He spent two years during the occupation in Vienna, where his father was as translator for a Soviet magazine printed in Germany.

Experts think of his works more as multisystemic than as a synthesis. But it is his treatment of classic works that lends itself to interpretation by the public as commentary on contemporary Soviet life.

Unlike Western audiences, Shnitke said, Russians tend to become deeply emotionally involved in a work. "The West understands it better — Moscow feels it better."

## 'The Vid Kid' — A Successful Columnist at 11

New York Times Service

**CHICAGO** — From the neck up, Rawson Stovall looks like Dennis the Menace, his favorite cartoon character, blond with bright, he looks every bit the professional he is, dressed in a navy blazer, gray slacks, a tie and tassel loafers, with note pad and pen in hand.

Rawson, a columnist with Universal Press Syndicate, is 11 years old. His weekly column, "The Vid Kid," appears in 11 newspapers, and he is aiming for 100 by the end of the year.

The subject of the column is primarily home video games. Rawson has developed quite a reputation in the video industry in his first year as a columnist, as evidenced by the respect and attention he garnered at the recent Consumer Electronics Show in Chicago.

Prominent game company presidents and designers, including Nolan Bushnell, the founder

of Atari, and David Crane, a designer with Activision, solicited Rawson's opinions on the quality of their products and granted him long and thoughtful interviews. Although he sometimes groped grammatically, his questions showed him to be better versed on the subject than many of his 2,000 colleagues in the news media who converged on the convention.

Some adults unfamiliar with the young columnist's work smirked patronizingly at the child striding purposefully through one of the largest U.S. trade shows — until he shook their hands firmly, produced a business card and asked to sample their wares.

Universal Press Syndicate began distributing "The Vid Kid" in April. "They approached me," Rawson said. "Before that, I got 10 newspapers on my own."

"I write for all ages. My best feedback has been mostly from boys in junior high. But I've

gotten a lot of response from grandmothers, too. They don't always know what I'm talking about, but they like to read it. So I included a recipe for Pac-Man cookies in the column."

A straight-A student who usually finishes his homework at school, Rawson has received and reviewed more than 200 sample video game cartridges. He writes his columns longhand a few weeks ahead of time. His mother/personal secretary types them on a leased typewriter.

He became interested in arcade video games in 1978. When his father, a program manager for the Texas State Health Department, wouldn't buy him a home setup, Rawson harvested and sold \$175 worth of pecans from his back yard to pay for an Atari system.

Asked what he expects to be doing in 10 years, he replied, "I'd like to be designing games, be president of a game company, in PR or advertising, a columnist, and that's it."

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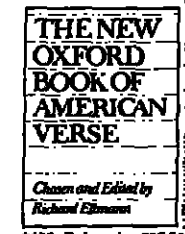
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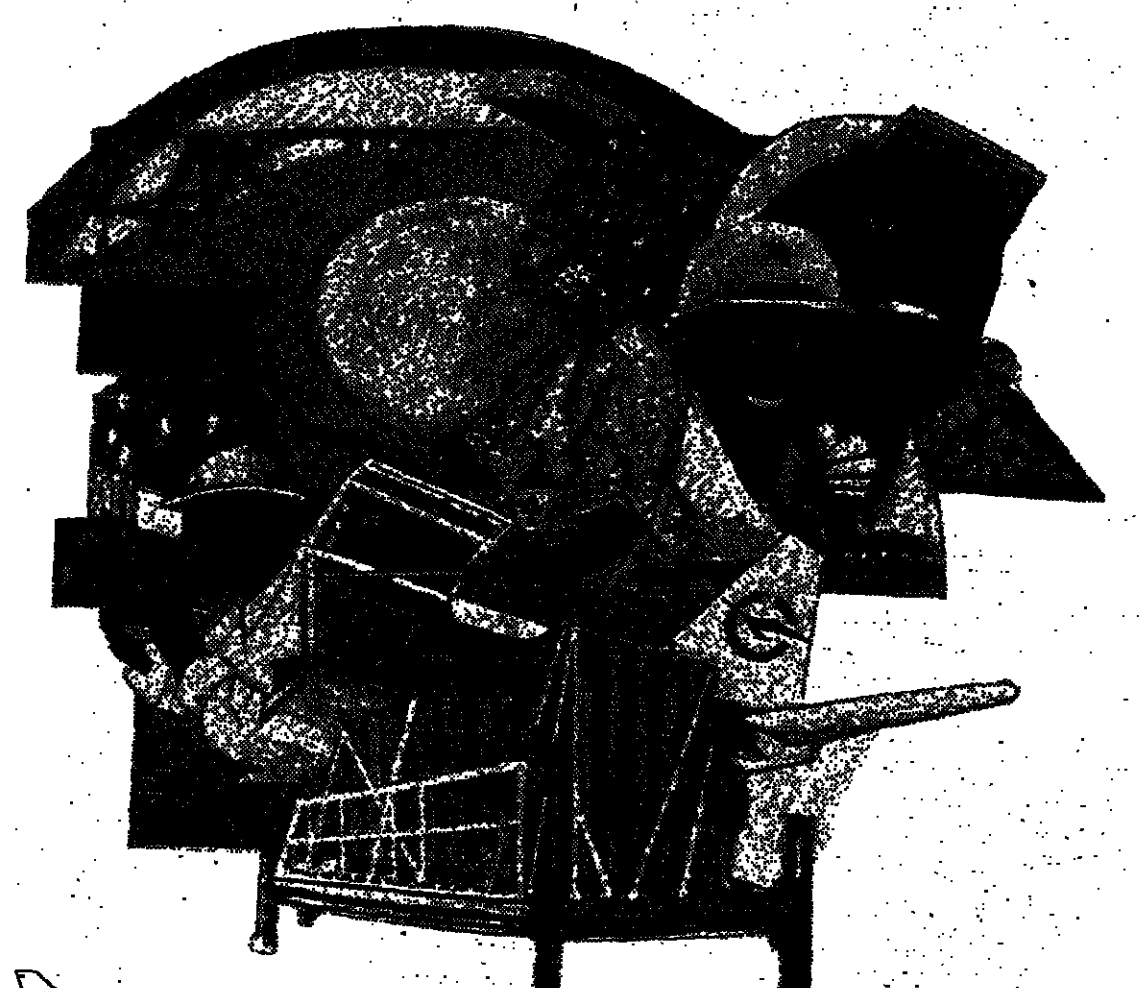
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# Herald Tribune BUSINESS/FINANCE

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TUESDAY, JUNE 21, 1983

## COMMODITIES

By H.J. MAIDENBERG

### Brazil Export of Cottonseed Oil To U.S. Is Filled With Symbolism

NEW YORK — On June 10, a Japanese freighter, the Sato Maru, left the southern Brazilian port of Paranaguá with a cargo of vegetable and other edible oils. Ordinarily, such news would cause hardly a ripple in the vast sea of commerce in commodities.

But from the moment the ship's manifest and ports of call were made known, the Sato Maru became a symbol of the plight of American agriculture and the new dimensions that the global banking crisis has taken.

The ship's cargo includes 10,730 metric tons (11,803 short tons) of cottonseed oil bound for Memphis, Tennessee, where it will be processed by Hunt-Wesson Foods, a division of Norton Simon Inc., into cooking and salad oils and many other products.

It will be the first significant import of an agricultural product in which the nation has long been the dominant exporter. In the latest crop year ended last Sept. 30, for example, the United States exported 384,000 metric tons of cottonseed oil, or 77 percent of the total of 496,000 metric tons that was exported by producers worldwide.

"The shipment is not only the ultimate insult to American farmers, but also to our nation's biggest industry, agribusiness," said Dwayne O. Andreas, chairman of Archer Daniels Midland Co., the biggest processor of edible oils in the United States.

**"The shipment is not only the ultimate insult to American farmers, but also to our nation's biggest industry, agribusiness."**

Morton S. Sealand, publisher and editor of *Millers & Baking News*, a leading trade journal, said last week: "I would compare the Sato Maru's voyage to a long string of freight cars moving flour to a taking company right here in Kansas City, which is in the midst of the biggest grain producing area in the country."

"It is even more bizarre when one thinks of the billions of dollars being spent by Washington to bolster farm income by providing farmers, including those who grow cotton, with costly incentives to cut back their acreage this season and, at the same time, ignoring the dumping of foreign subsidized farm products on our markets."

Last April 1, shortly after the "payment-in-kind" and other programs aimed at sharply reducing planted acreage took form, the Federal Office of Management and Budget estimated that the programs would cost \$21.8 billion during the fiscal year ending Sept. 30. A year ago, crop loan and other programs were projected to cost \$1.8 billion.

#### Bank Loans Blamed

However, Mr. Andreas of Archer Daniels Midland put most of blame on banks locked into foreign loans they cannot collect, noting: "Our banks lend dollars to these nations to use in any way they see fit, and then these same banks demand that these countries export at any cost in order to earn dollars."

"Given this situation, I see these indebted nations demanding that they be permitted to dump all kinds of goods here, claiming that they must have open access to our markets in order to raise the dollars to pay off their creditors. One doesn't have to be particularly bright to see where this could lead us."

Mr. Andreas said the symbolism of the cottonseed oil was more than a "coals-to-Newcastle" affair, which he asserted would be both uncommercial and illogical were it not for the fact that Brazil can easily subsidize its exporters with currency it creates by fiat.

The symbolism begins with the fact that the ship carrying the oil to Memphis is Japanese. Ten years ago this month, President Richard M. Nixon embargoed all exports of soybeans and products including oil because his farm experts told him the crop that season would be insufficient for domestic needs. The 1973 crop proved more than adequate.

The Japanese were shocked because they depend on soybean sauces as a major source of protein. They then invested heavily to expand Brazil's soybean, cotton and other farm products, and that country is now the world's second largest exporter of edible oils.

The Sato Maru's destination is also symbolic, Mr. Andreas noted, because Memphis has been a leading cotton market since the days when "King Cotton" was the nation's top cash crop. Today, cotton is the fourth major crop after corn, wheat and soybeans in that order. Much of the cotton crop is now produced on irrigated acreage in California and Arizona as well as in the South's traditional Cotton Belt.

"It is also symbolic," Mr. Andreas added, "that the Sato Maru is due in Memphis on July 3, the day before our national holiday." Perhaps another symbolism, one that Mr. Andreas did not mention, is that President Ronald Reagan two weeks ago appointed him chairman of the International Private Enterprise Task Force. The group was formed last Nov. 20 to advise the president and various federal agencies on how to implement the Foreign Assistance Act of 1961, which is aimed at helping poorer countries improve their economic conditions by stimulating trade.

The New York Times

## CURRENCY RATES

Interbank exchange rates for June 20, excluding bank service charges.

	\$	DM	FF	£	S	Y	Sc	DK	N
American	1.00	3.36	6.55	0.71	20.36	136.48	16.48	4.82	13.76
British	0.71	3.36	6.55	1.00	28.96	193.64	23.17	6.55	19.36
Canada	0.77	3.36	6.55	0.77	20.36	136.48	16.48	4.82	13.76
France	0.15	3.36	6.55	0.15	20.36	136.48	16.48	4.82	13.76
Germany	0.28	3.36	6.55	0.28	20.36	136.48	16.48	4.82	13.76
Italy	0.34	3.36	6.55	0.34	20.36	136.48	16.48	4.82	13.76
Japan	0.007	3.36	6.55	0.007	20.36	136.48	16.48	4.82	13.76
Netherlands	0.63	3.36	6.55	0.63	20.36	136.48	16.48	4.82	13.76
Sweden	0.14	3.36	6.55	0.14	20.36	136.48	16.48	4.82	13.76
Switzerland	0.75	3.36	6.55	0.75	20.36	136.48	16.48	4.82	13.76
U.S.	1.00	3.36	6.55	0.71	20.36	136.48	16.48	4.82	13.76

## INTEREST RATES

Commercial rates (b) Amounts needed to buy one pound (c) Units of 100 (d) Units of 1,000 (e) Not quoted; (f) Not available.

	1M	3M	6M	1Y	2Y	3Y	5Y	10Y
1M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
6M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
1Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
2Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
5Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
10Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4

## Key Money Rates

	1M	3M	6M	1Y	2Y	3Y	5Y	10Y
1M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
6M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
1Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
2Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
5Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
10Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4

## West Germany

	1M	3M	6M	1Y	2Y	3Y	5Y	10Y
1M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
6M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
1Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
2Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
5Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
10Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4

## Gold Prices

	1M	3M	6M	1Y	2Y	3Y	5Y	10Y
1M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
6M	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
1Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
2Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
3Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
5Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
10Y	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4

## More U.S. Firms Are Going Private

By Michael Blumstein

New York Times Service

NEW YORK — Going public is almost always a bonanza for the owners of young, growing companies. The founders sell some of their shares to the public and put cash in the bank. But financial strategy is coming full circle. Now, taking companies private is becoming lucrative and popular as well.

More and increasingly larger companies are buying back their shares and becoming closely held again, mainly through daring financial arrangements known as leveraged buyouts.

The latest case is Norton Simon Inc. A group led by its chairman and chief executive, David I. Mahoney, on June 6 proposed a \$1.65-billion bid to take the consumer products company private. Then on June 14, Kohlberg, Kravis, Roberts & Co., an investment firm that specializes in assembling leveraged buyouts, made a higher offer for a competing group.

Norton Simon would be following the path of several other large companies, including Congoleum Corp., Dillingham Corp. and Houdaille Industries, all of which had been listed on the New York Stock Exchange before going private in the last few years.

Just who wins in leveraged buyouts seems clear: managers, who enjoy new flexibility and stand to increase their personal wealth; lenders, who charge high interest rates; and investment bankers, who arrange the changes. Whether the shareholders who sell their stock do as well is not as certain.

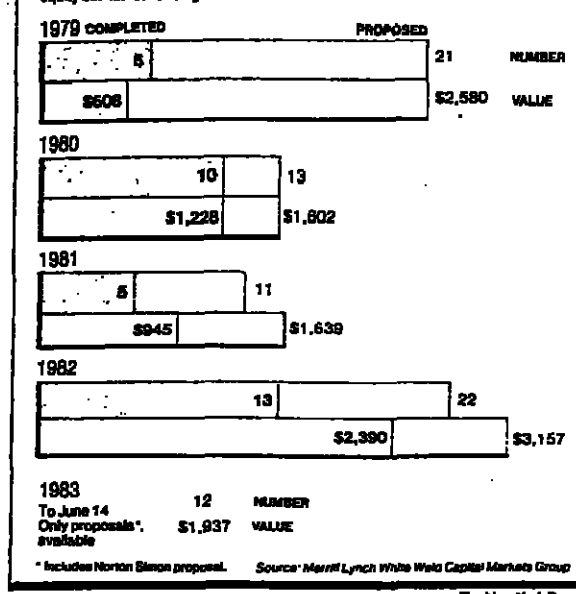
In a typical leveraged buyout, so-called because of the high level of debt in relation to equity, a management group puts up a relatively small amount of money and uses the company and its assets as collateral to borrow a relatively large sum to buy the outstanding equity; some lenders take shares, too. The company's cash flow is used to pay off the debt, and management has the option of selling stock to the public again later.

Leveraged buyouts are also used by public companies that decide to spin off what they consider superfluous divisions, selling them to current managers or other investors.

The deals involve significant risk because of the enormous debt they entail. General Electric Credit Corp., which set up a leveraged-buyout division in mid-1980 and finances and invests in about a dozen a year, acknowledges one failure. It was a food

## Going Private Through Leveraged Buyouts

Number and dollar value of proposals to take companies private through leveraged buyouts. Dollar amounts are in millions and represent purchase of equity but not refinancing of debt.



Includes Norton Simon proposal. Source: Merrill Lynch White Wolf Capital Markets Group. The New York Times

distributor that became "overextended," said Norman P. Blake, executive vice president of GE Credit.

The typical company to be taken private through a leveraged buyout is in a mature industry that lenders are familiar with and that is likely to generate large and steady levels of cash. Often management has made what it considers necessary investments in plant and equipment before going private so that the cash it generates can be used to pay for the buyout.

Lenders, though, are most interested in management's record, said Robert L. Goldman, president of Congress Financial Corp., a New York-based lending affiliate of the Philadelphia National Bank, which finances leveraged buyouts.

"Leopards don't change their spots," he said. "If the guy has (Continued on Page 11, Col. 1)

## Prices End Lower On NYSE Despite News on Volcker

Compiled by Our Staff From Dispatches

NEW YORK — Prices were lower at the close of the New York Stock Exchange Monday as investors marked time on the heels of Wall Street's best weekly surge in two months and the renomination of Paul A. Volcker as Federal Reserve chief.

The Dow Jones industrial average, up and down in a five-point range in the early going, following last week's 46.08-point rise, closed off 3.01 to 1,239.18. The closely watched average had given up 6.11 Friday after climbing 62.80 the previous six sessions to a record 1,248.30 on Thursday.

Declines led advances by an 8-7 margin among the 1,992 issues traded.

Big Board turnover was about 84.2 million shares, down from the 93.6 million traded Friday.

Prices were mixed in active trading of American Stock Exchange issues.

Analysts said Wall Street welcomed the renomination of Mr. Volcker on Saturday but added that last week's price explosion indicated that investors had discounted the news.

Many traders were disturbed by the Fed's report late Friday of a \$5.6-billion increase in the narrowest measure of the nation's money supply because they feared that it could force the board to tighten credit and drive up interest rates.

Others argued that the rise generally was expected and that this Friday's figures would show a decline. These observers contended that interest rates generally would remain stable for a long time.

Federal funds rates, which dropped to 8 1/2 percent Friday after reaching 9 percent earlier last week, were trading at 9 1/2 percent.

Treasury securities, which fell late Friday, were mixed in response to the money-supply figures, which analysts said were caused by the economy's recovering faster than anticipated.

Analysts said some professional traders were disturbed that speculative issues were receiving attention and trading on quality stocks was pausing following a rally to records.

On the trading floor, Pan American World Airways, a 1 1/2 winner Friday on a favorable Forbes magazine article, was high on the NYSE-listed active list and higher after an opening block of 1.7 million shares at 8 1/2.

Philip Morris was active and higher. So was R.J. Reynolds, which raised cigarette prices Friday and has reached agreement to produce cigarettes in China.

Texas Gas Resources, which recently agreed to a \$954-million merger pact with CSX Corp., was higher. Coastal Corp. sweetened its offer for Texas Gas to \$1.05 billion. CSX changed its offer, also. (See Page 13.)

Texas Instruments, which plunged 4 1/4 last week after projecting a \$100-million second-quarter loss, was lower at the outset. Among the other home-computer manufacturers, Tandy Corp., Commodore International, Coleco and Warner Communications were lower at one time.

Dollar Generally Rallies  
The pound rose to a late rate of \$1.5775 from Friday's \$1.5245. But the dollar rose to 2.5553 Deutsche marks, up from 2.54825 Friday.

## Approval of Volcker Expected Despite Critics

By Peter T. Kilborn

New York Times Service

WASHINGTON — President Ronald Reagan's nomination of Paul A. Volcker to a second four-year term as chairman of the Federal Reserve Board has stirred some criticism on Capitol Hill of the administration's economic policies, but his confirmation appears assured.

"I'm sure there'll be some shrill rhetoric — political fireworks," a Senate Banking Committee aide said Sunday. "But he will pass overwhelmingly in the committee and on the floor."

Mr. Volcker has to be confirmed as chairman by the full Senate under a recent change in the law. Previously, hearings were required only for an appointment to the 14-year term as a governor of the Fed-

eral Reserve Board, as Mr. Volcker was in 1979.

Mr. Volcker's critics blame him for overkill in battling inflation. They say his tight restrictions on the supply of money to the nation's banks caused more bankruptcies and higher unemployment than the country had experienced in 40 years.

"I greet it with a general lack of enthusiasm," said Senator James R. Sasser, Democrat of Tennessee, a member of the Banking Committee. "He put us into a deep depression with his monetary policies, but he has shown some enlightenment in the last few months and eased up a bit." Mr. Sasser is undecided on how to vote.

Senator Paula Hawkins, Republican of Florida, a committee member who has been a frequent critic of Federal Reserve policies, said in a statement: "I respect the president's choice, and I am sure we will see continued progress in reducing inflation."

Efforts to reach the Banking Committee's chairman, Senator Jake Garn, Republican of Utah, and its ranking Democratic member, Senator William Proxmire of Wisconsin, were unavailing. However, staff members of both senators said they had endorsed Mr. Volcker's economic policies in the past.

Other members of Congress, however, want tighter reins put on the Federal Reserve to make it more responsive to Congress and the White House. Representative Jack Kemp, Republican of New York, a critic of Mr. Volcker, said he urged Mr. Reagan before the appointment not to allow the Federal Reserve to return to the tight-

money policies it has followed from late 1979.

He said he may introduce legislation to make the Federal Reserve gear its policies to assure price stability. "Right now," he said, "the problem is not inflation; it's deflation."

The House majority leader, James C. Wright Jr., Democrat of Texas, has introduced a bill that would require the Federal Reserve to hold interest rates to a few percentage points above the annual rate of inflation. Interest rates on which the central bank has the most influence are now about 5 points above the inflation rate, which is about 5 percent.

Mr. Volcker's renomination led to conjecture that the president and the Federal Reserve chairman agreed on a policy that could slow the economy's recovery.

An administration official said Saturday that Treasury Secretary Donald T. Regan, an opponent of Mr. Volcker's renomination until a week or two ago, had advised Mr. Regan to state in his announcement reappointing Mr. Volcker that the Federal Reserve would try to assure a cautious, steady growth of the money supply.

Such a policy could mean that the Federal Reserve would tighten up on the money supply, causing interest rates to rise and the recovery to slow.

Former Vice President Walter F. Mondale, who is seeking the Democratic presidential nomination, expressed wonder Sunday during a television program about reports on "the nature of the agreement between the chairman of the Federal Reserve Board and the Reagan administration."

The pound rose to a late rate of \$1.5775 from Friday's \$1.5245. But the dollar rose to 2.5553 Deutsche marks, up from 2.54825 Friday.

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percent of them in Europe. Mr. Peterschmitt said. The company has said it hopes for at least 20 percent of the worldwide market for micros. Analysts say the company's current share in Europe is well under 5 percent.

Next month, DEC plans to open a retail outlet in Geneva. The 300-square-meter (320 square yard) store will be DEC's first in Europe. Several more are likely to open by year-end, Mr. Peterschmitt said.

In the United States, DEC has 25 retail outlets.

The company must tread carefully if it is to avoid offending its dealers and distributors, Mr. Peterschmitt acknowledged. He said the stores will complement DEC's normal indirect sales channels, and that Geneva-area dealers have been briefed on the plans.

"I'm not aware that any of them are uncomfortable about it," he said.

The small move into retailing is part of DEC's worldwide effort to improve its marketing.

Until last year, the company concentrated on sales of the more-powerful minicomputers, usually dealing with data-processing professionals who needed little hand-holding.

To sell micros, DEC must reach a new audience: Top executives who recoil from computer jargon. So DEC has transformed its marketing approach and, as Mr. Peterschmitt put it, taught its salesmen to speak "the right language."

"A lot of us found it difficult to adapt, confided another executive at Digital's European headquarters in Geneva.

Heavy investment in micros has helped depress earnings. In the six months ended April 2, DEC's worldwide profit sank 33 percent from a year earlier to \$197.6 million, while revenue rose 8 percent to \$3.04 billion.

Mr. Peterschmitt said. "We wanted the



Handwritten note: *Handwritten note: 150*

**Dow Jones Averages**

	Open	High	Low	Close	Chg
30 Ind	124.18	125.21	123.71	124.18	+0.01
500 Ind	124.18	125.21	123.71	124.18	+0.01
500 Ind	124.18	125.21	123.71	124.18	+0.01

**Standard & Poor's Index**

	Open	High	Low	Close	Chg
Composite	170.70	171.70	169.70	170.70	+0.00
Utilities	170.70	171.70	169.70	170.70	+0.00
Finance	170.70	171.70	169.70	170.70	+0.00
Transp.	170.70	171.70	169.70	170.70	+0.00

**Odd-Lot Trading in N.Y.**

	Buy	Sell	Start	Close
June 17	265,200	49,700	1:54	1:54
June 18	265,200	49,700	1:54	1:54
June 19	265,200	49,700	1:54	1:54
June 20	265,200	49,700	1:54	1:54
June 21	265,200	49,700	1:54	1:54

**Market Summary, June 20**

**Market Diaries**

	Close	Prev.	Chg
NYSE	118.15	118.15	+0.00
AMEX	118.15	118.15	+0.00

**AMEX Stock Index**

	High	Low	Close	Chg
Composite	118.15	118.15	118.15	+0.00
Utilities	118.15	118.15	118.15	+0.00
Finance	118.15	118.15	118.15	+0.00
Transp.	118.15	118.15	118.15	+0.00

**AMEX Most Actives**

	Sales	Close	Chg
Eastman	72,000	12.00	+0.00
Boeing	10,000	10.00	+0.00
IBM	10,000	10.00	+0.00

**NASDAQ Index**

	Close	Prev.	Chg
Composite	118.15	118.15	+0.00
Utilities	118.15	118.15	+0.00
Finance	118.15	118.15	+0.00
Transp.	118.15	118.15	+0.00

**Dow Jones Bond Averages**

	Close	Prev.	Chg
30 Ind	124.18	124.18	+0.00
500 Ind	124.18	124.18	+0.00
500 Ind	124.18	124.18	+0.00

**NYSE Index**

**NYSE Index**

	High	Low	Close	Chg
Composite	118.15	118.15	118.15	+0.00
Utilities	118.15	118.15	118.15	+0.00
Finance	118.15	118.15	118.15	+0.00
Transp.	118.15	118.15	118.15	+0.00

**NYSE Most Actives**

	Sales	Close	Chg
Eastman	72,000	12.00	+0.00
Boeing	10,000	10.00	+0.00
IBM	10,000	10.00	+0.00

**Monday's NYSE Closing Prices**

Tables include the nationwide prices up to the closing on Wall Street.

Table with multiple columns: 12 Month High, Low, Stock Div., Yld., P/E, 100s, High, Low, Close, Chg. Rows include various stock tickers and their corresponding market data.

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Table with multiple columns: 12 Month High, Low, Stock Div., Yld., P/E, 100s, High, Low, Close, Chg. Rows include various stock tickers and their corresponding market data.

**Investors Bid For Capitol Air**

The Associated Press

SMYRNA, Tennessee — A group of New York investors has reached tentative agreement Monday to buy 53.4 percent of the stock of financially troubled Capitol Air for an undisclosed price, the airline announced Monday.

Capitol said a group called Redlaw Capital Associates tentatively agreed to buy 1.65 million shares of the Smyrna-based carrier.

A group of about 1,000 Capitol employees had submitted a bid for a 44 percent share, along with 7 other bidders, said Olen Dickerson, Capitol's senior vice president for finance.

The agreement was reached with executives of the estate of Capitol founder, Jesse Stallings, and Del Air Inc., a Miami corporation controlled by George E. Barbour, who had been a principal shareholder, airline spokesman Robin Matell said.

The purchase is subject to a definitive agreement which is expected to be completed by June 24, Mr. Matell said, reading a written statement from his Miami office.

He said Redlaw Capital is a limited partnership formed by a group of investors headed by Walter Goldstein and Franklin Phelan.

Most of Redlaw's current holdings are in real estate, Mr. Matell said.

The airline lost \$3.9 million in the first quarter on revenue of \$41.4 million, compared with a loss of \$9.2 million on revenue of \$51.3 million a year earlier.

(Continued on Page 12)

Table with multiple columns: 12 Month High, Low, Stock Div., Yld., P/E, 100s, High, Low, Close, Chg. Rows include various stock tickers and their corresponding market data.

Another Business Statistic: 65% the percentage of International Herald Tribune readers holding management positions



## U.S. Economists Sharply Lift Forecasts of Growth in GNP

By Eric N. Berg  
New York Times Service

NEW YORK — A flurry of promising news in recent days has prompted economists to raise their forecasts for U.S. economic growth. Experts, who earlier this year had said that the recovery would be weak from April to June, now acknowledge that it is powerful and widespread.

Data on the gross national product — a measure of the total value of the nation's goods and services — are not yet in for the second quarter. But the statistics that have emerged from Washington lately have been sufficiently impressive to cause economists to look again at their numbers, and in some cases double their estimates for growth.

The balance of opinion is that when the numbers are out, the second quarter will be shown to have been as vital as any second-quarter recovery since World War II.

And the announcement Saturday that Paul A. Volcker would be reappointed as chairman of the Federal Reserve Board seems certain to hearten economists further and cause them to lift their sights for the rest of this year.

"We are going to have a barn

burner of a second quarter," predicted Allen Sinai, a senior vice president at Data Resources Inc., a Lexington, Massachusetts, economic consulting company. Mr. Sinai, who earlier this year had predicted that second-quarter GNP would grow at an annual rate of 3.4 percent, now says the rate will be 7.5 percent.

At Harris Trust of Chicago, where economists have revised their forecast for second-quarter GNP growth to a 8.1 percent annual rate, from 7.1 percent, Richard J. Henken, an economic analyst, said: "Consumers are seeing the signs of recovery on all fronts. For the 10 million who are unemployed, there are another 100 million who are employed. These people feel more confident about the economy and have been more willing to spend."

Earlier this year, many economists had been lukewarm about the recovery in the second quarter. The persistence of high borrowing costs and a strong dollar would prevent the economy from rebounding strongly, they argued.

But that has not happened — at least not as much as feared. Although interest rates remain high

and the dollar is reaching new records, a combination of lower inflation, a rapidly growing money supply and tax cuts for business and individuals — including the reduction in personal-income tax rates scheduled to take effect July 1 — are propelling the economy.

The spate of encouraging news from the government's economics statistics offices bears this out. On June 10, the Commerce Department announced that retail sales rose 2.1 percent in May from April. The increase was particularly cheering, economists said, because it included a healthy 3.4 percent rise in the durable-goods sector, such as autos and appliances, which had been badly depressed by high interest rates.

Last Tuesday, the nation's Big Three auto makers announced a 19.7 percent rise in sales for the first 10 days of June from the year-earlier period. Although the increase to a great extent reflected promotional incentives, analysts were nonetheless heartened by the report, which put sales at a seasonally adjusted annual rate of 7.4 million units, up from 6.7 million in May.

Then, on Wednesday, the Federal Reserve Board reported that industrial production by the nation's factories rose 1.1 percent in May from April. The increase, the sixth consecutive monthly one, was paced by bellwether industries such as auto suppliers, business equipment and construction.

Finally, on Thursday, in what economists called the strongest sign to date, the Commerce Department reported that housing starts rose 19.1 percent, to a seasonally adjusted annual rate of 1.79 million units, in May from April — the highest since September 1979. Building permits — a sign of future construction activity — were also at their highest level in 34 years, rising 5.6 percent, to a seasonally adjusted annual rate of 1.6 million.

To be sure, some economists remain concerned that a resurgence of higher interest rates could threaten the recovery. But for the second quarter, they are increasingly optimistic.

## Saudi Data Show Cut in '82 Surplus

The Associated Press

JEDDAH — Saudi Arabia's trade surplus was cut by more than half — to \$38.2 billion — in 1982 because of the drop in oil exports, the Saudi Gazette reported Monday.

Citing statistics from the Ministry of Finance, the English-language newspaper said exports, almost entirely crude oil, declined by a third — to \$78.7 billion from \$118 billion in 1981. Imports in 1982, it said, continued to rise — to \$40.5 billion from \$35 billion in 1981.

Saudi oil production fell last year to an average of about 5.6 million barrels a day, from nearly 9.8 million barrels a day in 1981.

In 1983, oil production has fallen even further, never averaging more than four million barrels a day since January.

Analysts in Saudi Arabia expect the balance of trade to slip into a moderate deficit with oil exports receipts totaling about \$40 billion, unless production rises substantially in the last quarter.

## COMPANY EARNINGS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

United States	
<b>Brown-Forman Distillers</b>	1982
4th Quarter	1982
Revenue	201.5
Net Inc.	20.86
Per Share	0.82
Year	1982
Revenue	808.1
Net Inc.	95.18
Per Share	3.76
<b>Int'l Multifoods</b>	1982
1st Quarter	1982
Revenue	263.6
Net Inc.	4.97
Per Share	0.61

## Venezuela Balks at Banks' Conditions

By Keith Grant  
Reuters

CARACAS — Venezuela is battling with its creditor banks over tough economic measures they want to introduce as a condition for rescheduling about \$16 billion in debts.

Venezuela's request for rescheduling is unlikely to make much headway until the government commits itself to a stiff economic program in conjunction with the International Monetary Fund, foreign banking sources in Caracas said.

Venezuela's plan, proposed in New York earlier this month by Finance Minister Arturo Sosa, involves rescheduling \$16.3 billion in debts due in 1983 and 1984 and drawing \$12.8 billion from the IMF under relatively soft terms.

The government says its economic problems are temporary, and it is reluctant to take drastic measures in an election year.

Following major debt packages arranged for Brazil, Mexico and Argentina, Venezuela's resched-

ing plans have made slow progress. The government has only recently managed to quantify its \$27-billion public sector foreign debt.

The government first approached the banks and the IMF in March, soon after introducing exchange controls for the first time in 18 years. Banks agreed then to grant a 90-day moratorium on foreign debt capital repayments for negotiations on rescheduling.

But when Mr. Sosa began formal talks with a 13-bank advisory committee June 6, his economic proposals met a lukewarm reception and several questions were asked about overdue loan interest payments.

The meeting was nearing a stalemate after banks told Mr. Sosa they would not consider his rescheduling proposal unless Venezuela accepted a strict IMF program, bankers said.

The bankers were concerned that Venezuela, one of the more solid Latin American economies with \$9.8 billion in reserves, would not adopt economic measures tough

enough to resolve its foreign exchange crisis.

Facing elections in December, the government said it would avoid a standby credit from the IMF with its strict economic performance targets and instead seek a \$1.1-billion loan from the IMF's Compensatory Financing Facility, which normally carries softer conditions.

An IMF mission that visited Caracas in March recommended drastic economic measures, including a 28-percent devaluation of the currency and freeing price and import controls.

The government's plans for economic recovery are much more gradual and involve unifying the exchange rate by 1985, budget cuts, new taxes and higher tariffs for public services. Mr. Sosa has said Venezuela's priority was to correct a \$1-billion current account deficit this year through import controls.

Venezuela's advisory committee put the 1983 deficit at double that figure and called for a much faster program for economic adjustment.

Bankers worried about the economy say that since a three-tier exchange rate was introduced in March, trade finance to Venezuela has almost dried up because local importers were unable to pay existing debts at the new rate.

The government has so far refused to address the problem of private sector debts estimated at \$5 billion to \$7 billion and has asked banks to roll over these mostly short-term obligations.

The banks want private sector debts included in overall rescheduling plans. Further progress on rescheduling now hinges on the economic program Venezuela agrees on with an IMF mission due July 10.

The final outcome of the meeting in New York was that the banks said they would consider the rescheduling, on the condition that the IMF approves a CFF credit with relatively strict conditions.

The committee also agreed to a further 90-day moratorium until Sept. 30, on the understanding that overdue interest is brought up to date.

## U.S. Personal Income Increases 1.2% in May

United Press International

WASHINGTON — Personal income of Americans rose 1.2 percent in May from April, the largest increase since a cost-of-living raise for Social Security recipients in July 1981, the Commerce Department said Monday.

Personal spending was up 1.4 percent in May.

In April personal income rose 0.6 percent and spending was up 1.1 percent.

The report showed that the fuel for economic recovery is still building, reassuring news to economists who wonder whether interest rates are low enough to keep the im-

provement rolling through the end of the year.

After income taxes, the personal income available was up only 0.7 percent in May, somewhat less than the 0.9 percent increase in April.

With spending strong, the savings rate slipped to 5.3 percent in May, the lowest in more than a year, department analysts said.

The income figures were given a small boost by a retroactive wage payment of nearly \$300 million to Postal Service employees as a result of a settlement of a lawsuit charging wage and overtime violations from 1974 through May 1978.

## More Firms Are Going Private

(Continued from Page 9)

performed poorly in the past, he's not going to suddenly turn around and become a genius.

For Norton Simon, the question is whether a company that has suffered declining earnings in recent years can generate enough money to cover the interest and principal on the \$1.65 billion in financing that Mr. Mahoney has estimated would be necessary.

"It's a quantum step beyond what anyone has attempted before," said Jeffrey L. Kenner, president of CM Capital Corp., a branch of Carl Marks & Co., which finances leveraged buyouts.

"On the surface, it doesn't appear to be that attractive a buyout. The businesses have been declining, and it's difficult to see how they would have positive interest coverage, but everyone that's looked at it seems to think that it would work."

One factor that analysts are quick to point out is Norton Simon's pool of \$322 million in cash and securities, which would help it meet at least early loan payments. Analysts also speculated that management had been preparing to go private, noting that Avis recently increased marketing

spending to raise its share of the car rental business, while the Max Factor cosmetics division built a new plant.

Hunt-Wesson, the food company, and a liquor distributing business provide a "steady cash flow," while Avis stands to thrive as the economy recovers, said Lawrence Addelman, of Dean, Witter, Reynolds.

Mr. Mahoney has refused to discuss his proposal, but in general executives find the idea of running a private company appealing for at least two reasons: They are not required to disclose as much corporate information because the company is not publicly traded, and they can try to take a longer perspective in developing their strategy instead of worrying about constantly improving quarterly earnings.

Executives do not talk about it as much, but they also like going private because they stand to profit handsomely. They put up only a small amount of money and wind up with big blocks of stock. The Norton Simon management would reportedly end up with more than 35 percent of the company. Mr. Mahoney currently holds about 3 percent.

Also profiting are investment banks, which orchestrate the deals for fat fees, and lenders, including banks, insurance companies and pension funds, that typically charge interest rates 2 to 3 percentage points above the prime rate and may take an equity position.

There is, however, one group for whom leveraged buyouts may not be ideal: The stockholders who are being asked to give up their shares and who may be squeezed out at a price they later regret.

"The problem, and it's a very serious problem for lawyers and society, is if management isn't representing the shareholders and protecting them, who is?" said Louis Lowenstein, a professor teaching corporate finance at Columbia Law School. "In a going-private transaction, management obviously is sitting on the other side of the fence," he said.

But Harry De Angelo, an assistant professor at the University of Rochester Graduate School of Management, says that research he has done with two other professors indicates that shareholders of companies that went private from 1973 to 1980 generally received a "very high" premium, an average of 56 percent, over market price.

# LESS TIME IN TRANSIT. MORE TIME ON DEPOSIT.

"That's the difference"

Today more than ever before, the profitability of your overseas business is affected by the speed and efficiency of your financial communications.

And speed and efficiency are precisely what Standard Chartered Bank can offer you.

The fact that we have 1900 branches in over 60 countries means that we can speed payments dramatically; allowing you to make more profitable use of funds.

The fact that we're an integrated and closely-linked network of offices staffed by specialists in international trade means that we can offer expert assistance in



solving problems no matter where they may arise; simply because we're used to dealing with them daily.

And the sheer range of services we can provide (including round-the-world foreign exchange dealing in 55 currencies through 18 locations, merchant banking in

eight financial centres, Eurocurrency lending, trade and project finance and local banking facilities) almost certainly means that you'd benefit substantially from a link with Standard Chartered.

Call us, and find out more. We think we can make a highly profitable difference to your international business.



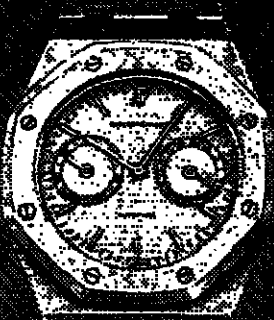
## Standard Chartered

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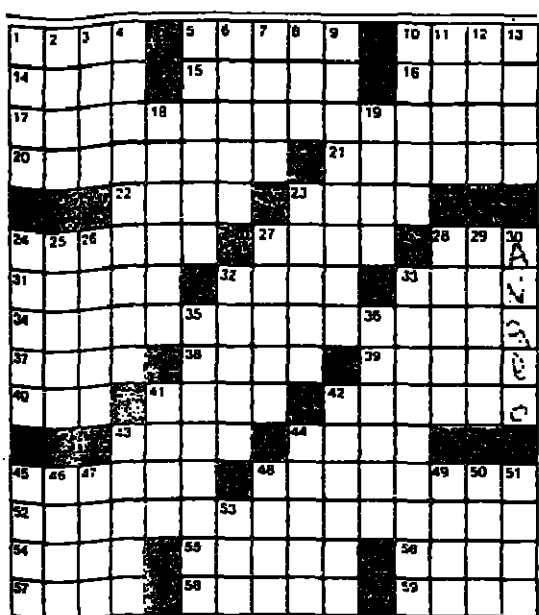
The Royal Oak Day and Date



For information, please contact Audemars Piguet & Cie S.A., CH-1948 Le Locle, Suisse.



## CROSSWORD



**ACROSS**

1 U.S. N.A. cap.  
5 Kind of energy  
10 Catches  
14 Heavily reading  
15 Wind's prefix  
16 Draft status  
17 Dumb  
20 Set of nine  
21 Stuck  
22 Weight  
23 He wrote "The  
Nazarite"  
24 Emergency  
25 Hierarchy  
26 D.C. group  
27 Mrs. Surfer  
28 In addition  
29 More than  
30 Mask  
31 Matamor  
32 Ergot  
33 Pong  
34 Music hall's  
35 prised  
36 possession  
37 Turk's cap  
38

**DOWN**

1 Envelope abbr.  
2 Small salmon  
3 Hymn ender  
4 Socialite  
5 Young sockeye  
6 Initiation  
7 P. le's  
8 Soul, Fr.  
9 Tourist  
10 Dutch painter  
11 ... a wing  
12 Sci. area  
13 Beantime  
14 Revolt  
15 Art  
16 Influence  
17 What a  
warringer  
18 Sign-off word  
19 Grizzled civet  
20 Kangaroo  
21 Where Saul  
met a witch  
22 English  
resort  
23 Monastery  
24 Frodo  
25 What  
Admiral go  
back to  
26 Brazil  
27 Fail to include  
28 "Strange  
Interlude"  
herone  
29 Beige  
30 Earth  
31 Together  
32 Asia's  
mistress  
33 NCO's  
34 Maitre d'  
35

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## DENNIS THE MENACE



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## JUMBLE

Unscramble these four jumbles into words. Each word is a letter to a word. To form four ordinary words.

ACCEP

YATHS

HISRAP

CUSPER

Now arrange the words in a square so that the letters in each row and column form a word. The words are: LIGHT, PROBE, RIDGE, ANDEB.

Answer: LIGHT, PROBE, RIDGE, ANDEB.

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## WEATHER

EUROPE

ASIA

AFRICA

LATIN AMERICA

NORTH AMERICA

MIDDLE EAST

OCEANIA

Additional: Sydney

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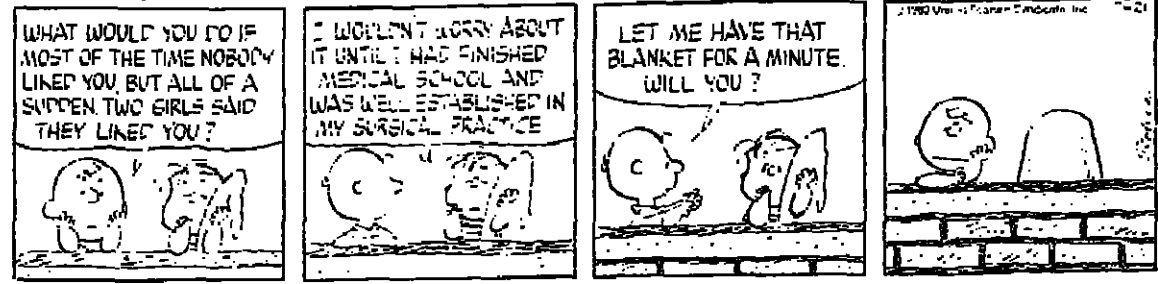
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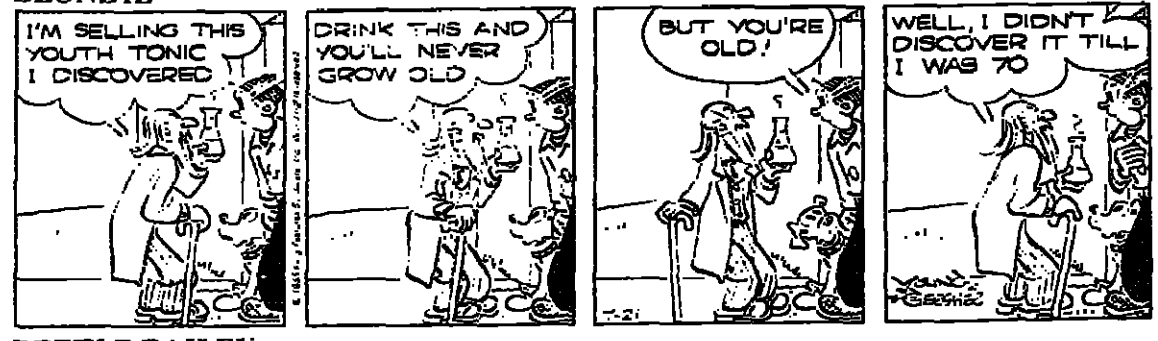
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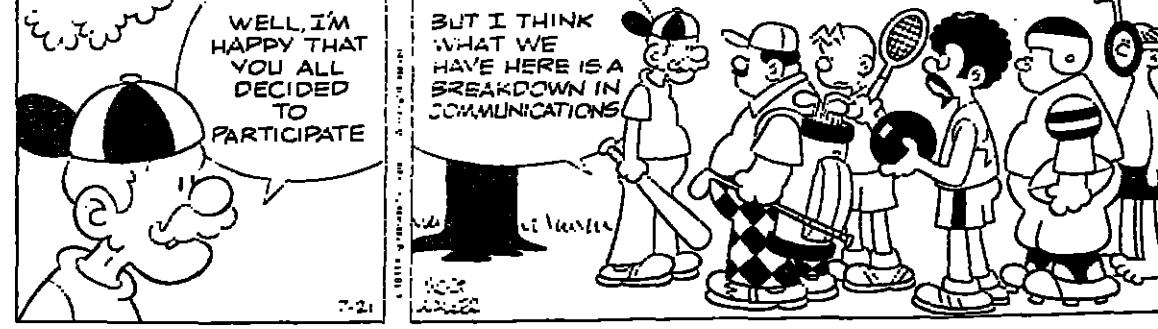
## PEANUTS



## BLONDIE



## BEETLE BAILEY



## ANDY CAPP



## WIZARD of ID



## REX MORGAN



## GARFIELD



## Other Markets

July 20

Amsterdam

Frankfurt

Other Markets

July 20

Amsterdam

Frankfurt

Other Markets

July 20

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## BOOKS

## THE QUEST FOR THE RED PRINCE

By Michael Bar-Zohar and Eitan Haber.  
232 pp. Illustrated. \$15.95.

William Morrow & Co., 6 Henderson Drive,  
West Caldwell, N.J. 07006.

Reviewed by James M. Markham

Abu Hassan Salameh, one of Yasser Arafat's most trusted lieutenants, was blown up in his car as it passed a booby-trapped parked Volkswagen in West Beirut on Jan. 22, 1979. In "The Quest for the Red Prince," Michael Bar-Zohar and Eitan Haber, two Israeli writers, give a fast-paced account of how the Mossad, the Israeli intelligence service, tracked Salameh for months and assassinated him. They have also tried to blend into the tale of the Palestinian leader's violent life and death a history of the struggle between Arabs and Jews in Palestine before 1948, in the young state of Israel and in shadowy theaters of operation elsewhere.

Abu Hassan, as the flamboyant el-Fatah chief was known, was the son of Sheikh Hassan Salameh, a Palestinian warlord who died in 1948 fighting the emergence of Israel. The sheikh's son was no scruffy, unshaven gunman but a sleek, German-educated playboy who shortly before his death married a Jewish girl, a Lebanese Christian named Georgina Rizak. He was also a terrorist, one of the masterminds of Black September, the Fatah subgroup that shoved the Palestinian cause into the world's horrified consciousness by murdering 11 Israeli athletes during the Munich Olympics in 1972.

But Salameh's most fascinating sideline and the one most relevant to his death is not mentioned in this book. As the boss of Squad 17, the Fatah security outfit, he was Arafat's contact with the U.S. Embassy in Beirut and the Central Intelligence Agency. While Bar-Zohar and Haber would have us believe that in "The Muslim-inhabited part of war-torn Beirut all foreigners were distrusted" and "all Westerners were suspected of being Israeli spies or secret agents," the truth was far more subtle and paradoxical. During Arafat's persistent efforts to open a dialogue with the United States, Fatah took it on itself to protect U.S. diplomats in chaotic West Beirut after civil war erupted in 1975. Salameh's men guarded Americans and other foreigners as they were evacuated from a West Beirut seaside swimming club by the U.S. Sixth Fleet on June 20, 1976. An American diplomat I knew in Beirut in those bizarre years liked to show off with a chuckle a gift from Abu Hassan—a heavy Palestinian Liberation Organization key chain.

As David Ignatius reported recently in The Wall Street Journal, Salameh was "a backdoor channel between the U.S. and the PLO," and he furnished senior American diplomats, including former Secretary of State Henry Kissinger, with tips about assassination plots

planned by radical Palestinian and other terrorist groups. He is also said to have supplied similar information to security organizations in West Germany, Italy and Japan to demonstrate that Fatah had gone out of the terror business and become a valid diplomatic interlocutor.

One revealing and heretofore untold anecdote is that not long before Salameh's death, a grateful CIA took him to Florida's Walt Disney World, a place he had always wanted to visit. This uniquely American gesture compounded Arafat's bitterness and sense of betrayal when Salameh was slain.

There was nothing angelic about Fatah's stealthy overtures to the United States. Salameh was not a CIA agent. What Arafat and he were offering was, after all, the other hand of terrorism: protection from it in the rolled Middle East. But it is perhaps reasonable to assume that a budding Palestinian-American relationship, however unsavory its genesis, was not conforming to Prime Minister Menachem Begin, who came to power in Israel in 1977. President Jimmy Carter was then on record as favoring "a homeland provided for the Palestinian refugees who have suffered for many, many years." Carter had outraged Israelis by meeting with President Hafez al-Assad of Syria, on the eve of the election that brought Begin to office.

Bar-Zohar and Haber say that the Mossad ended its assassination campaign against Black September terrorist chiefs in 1973 after a botched operation in which Israeli agents were arrested in Norway for killing an innocent Moroccan waiter whom they mistook for Salameh. Arafat disbanded Black September in the same year. The authors contend that some five years later the Begin government revived plans to kill Salameh for what were essentially emotional reasons. "Israel felt that no terrorist with blood on his hand could be left in peace," they write. "In the late 1970s Salameh's name was on the avengers' list once again."

But a risky and meticulously planned assassination is usually not just an act of passion or vengeance. A more cynical and rational explanation of the Salameh killing would be that it was meant to disrupt Fatah's fabled secret dialogue with the United States, which, as Kissinger tells us in his memoirs, was initiated by Arafat in the aftermath of the 1973 Middle East War. The secretary of state's envoy, Vernon Walters, met with an unnamed Arafat confidant—almost certainly Salameh—in Rabat, Morocco, on Nov. 3 "to gain time and to prevent radical assaults on the early peace process." "Afterwards," Kissinger continues, "Walters and I discussed the fact that Arafat's faction of the PLO—ceased." Kissinger made a point of having key Arabs and Israelis briefed on the clandestine PLO encounter. In the ensuing peace talks in 1974 and 1975, Israel extracted a pledge from the United States not to negotiate with the PLO until the PLO recognized Israel's right to exist.

James M. Markham is on the staff of The New York Times.

## BRIDGE

By Alan Truscott

IDLENESS is almost as abhorrent to bidding theorists as it was to the Puritans. Any unemployed bid, they feel, should be harnessed and put to work. And the work does not have to be artificial. There are plenty of natural meanings available for those who look.

A simple example is the jump rebid to the four-level in a minor suit, of the type shown in the diagram.

What should four clubs mean? Most partnerships never employ this bid, but it can be used to show a long suit—at least six cards and usually more—and exactly three cards in partner's major. It shows an aversion to no trump and leaves partner the option of passing or continuing to game or slam in either suit.

The four-club bid on this deal should lead North-South to six clubs. Although this falls as the cards lie, it is better than

a 50-50 proposition. Five clubs would be interesting, for after winning the diamond lead with the ace North would have to take an immediate finesse.

This would insure that West would not gain the lead for a spade play if he began with Q-x-x of trumps.

Even more interesting is the contract of four hearts, reached in a rubber bridge game after different bidding.

Some European writers have pointed out, quite correctly, that the right play, a very neat one, is to allow East to win the first trick. After any return, South can maneuver to ruff one diamond in dummy, draw trumps and run the club jack. At least one of the spades in the closed hand would eventually disappear on dummy's clubs, and the contract would be safe.

However, the routine play of winning the first trick with the diamond ace is not necessary.

West led the diamond seven.

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## SPORTS

## Morrison and McEnroe victors in First Round

United Press International  
MBLEDON, England — Top-seeded Jimmy Morrison opened the Wimbledon tennis tournament on Monday with a 6-4, 7-6, 6-3 victory over fellow American Eddie

Arns. Morrison of the United States, seeded to meet Morrison in

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Larry Nelson, the 1983 U.S. Open champion.

## Nelson Winner of U.S. Open by 1

Compiled by Our Staff From Dispatches

OAKMONT, Pennsylvania —

Larry Nelson won the 1983 U.S. Open

by a score of 14-2 over the runner-up,

Gregory Halmer.

Nelson, 34, of the United States, won

the tournament by a score of 14-2

over the runner-up, Gregory Halmer.

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## Virgil Paces Phillies to a 14-2 Rout of Pirates

Compiled by Our Staff From Dispatches

PITTSBURGH — Ozzie Virgil

hit a home run and drove in four

runs to help Charlie Hudson win

his first major-league game as Philadelphia

blasted Pittsburgh, 14-2, here Sunday.

Philadelphia went ahead for

the first time when Tony

Perez singled, advanced on a wild

pitch and scored on Virgil's single.

Perez doubled in two runs in the

fifth and Joe Morgan added a run-

scoring sacrifice fly in the sixth.

The Phillies broke loose in the

BASEBALL ROUNDUP

eight for seven runs, six of them

unearned, against reliever Manny

Sarmiento. Ivan DeJesus singled

and took second on a bunt by

Hudson — who was safe on second

base — and Perez walked, forcing

a run, and Gary Matthews delivered

a sacrifice fly. Mike Schmidt

singled in two runs and Von Hayes

walked to set up Virgil's third

home run of the season.

Expos 4, Mets 3

In Montreal, Tim Lincecum hit a

two-run triple that highlighted

three fourths and helped the

Expos and Steve Rogers to a 4-3

decision over New York.

Cubs 4, Cardinals 1

In St. Louis, Gary Wood and

Ryne Sandberg drove in two runs

each in a four-run second and Dick

Rutledge (4-4) pitched a two-hit

to spark Chicago past the Cardinals,

4-1.

Dodgers 5, Reds 1

In Los Angeles, Burt Hooton

pitched a three-hitter for his fifth

straight victory and Dusty Baker

hit a first-inning home run to pace

the Dodgers past Cincinnati, 5-1.

Padres 6, Astros 4

In San Diego, Garry Templeton

drove in four runs in a four-run

second and carried the Padres to a 6-4

verdict over Houston.

Giants 9, Braves 6

In San Francisco, Jack Clark

drove in four runs with a home run

and two sacrifice flies to help the

Giants complete a three-game

sweep of Atlanta, 9-6.

Blue Jays 6, Angels 1

In the American League, in To-

ronto, Luis Lee pitched a three-

hitter and Ernie Whit and Barry

Bonnell each drove in two runs as

the Blue Jays breezed past Califor-

nia, 6-1.

Orioles 6, Red Sox 3

In Baltimore, Eddie Murray hit

his 10th and 11th homers of the

year to help the Orioles beat Bos-

ton, 6-3. Jim Palmer hit his 26th

game lifetime.

White Sox 1, A's 0

In Chicago, Harold Baines' op-

posite-field double scored Ron K-

ille in the fourth and Britt Burns

pitched three-hitter as the White

Sox nipped Oakland, 1-0.

Yankees 8, Brewers 3

In New York, Lou Piniella

drove in five runs to spark the

Yankees to an 8-3 rout of

Milwaukee.

Indians 7, Tigers 2

In Cleveland, rookie Julio Fran-

co doubled in the go-ahead run and

Alan Benister followed with a

two-run double to highlight a five-

run seventh and the Indians went

on to defeat Detroit, 7-2.

Rangers 4, Twins 1

In Arlington, Texas, Charlie

Hough pitched a six-hitter, in-

cluding a three-run triple, to spur

Texas to a 4-1 triumph over Minne-

sota.

Royals 4, Mariners 2

In Kansas City, Missouri, rookie

Cliff Panamint hit a three-run

home run in the seventh to rally the

Royals to a 4-2 victory over Seattle.

## SPORTS BRIEFS

## Lewis Completes Track Triple

INDIANAPOLIS (AP) — Carl Lewis completed a sweep of the long

jump and 100- and 200-meter dashes Sunday night in the U.S. Outdoor

track and field championships.

Lewis, who had won the 100 meters Saturday night in 10.27 seconds,

long-jumped 28 feet, 10 1/2 inches (8.804 meters) — 4 1/2 inches off Bob

Beamon's world record and the best jump ever at sea level — and was

clocked in a U.S. record 19.75 in the 200.

Brazil Wins Youth Soccer Cup, 1-0

MEXICO CITY (UPI) — Brazil won soccer's World Youth Cup with a

1-0 victory over Argentina here Sunday. In the 38th minute, Argentine

Jorge Theiler fouled Paulinho from the goal, and Geovani

Silva easily converted the penalty kick.

## Major League Standings

NATIONAL LEAGUE					AMERICAN LEAGUE				
	W	L	Pct.	GB		W	L	Pct.	GB
<b>EAST</b>					<b>EAST</b>				
Montreal	32	28	.531	—	Baltimore	31	29	.516	—
St. Louis	32	28	.531	—	Toronto	31	29	.516	—
Philadelphia	32	28	.531	—	Detroit	31	29	.516	—
Chicago	32	28	.531	—	New York	31	29	.516	—
Pittsburgh	32	28	.531	—	Los Angeles	31	29	.516	—
Cincinnati	32	28	.531	—	San Francisco	31	29	.516	—
					San Diego	31	29	.516	—
<b>WEST</b>					<b>WEST</b>				
Los Angeles	32	28	.531	—	California	31	29	.516	—
Atlanta	32	28	.531	—	Texas	31	29	.516	—
San Francisco	32	28	.531	—	Oakland	31	29	.516	—
San Diego	32	28	.531	—	Chicago	31	29	.516	—
Cincinnati	32	28	.531	—	Seattle	31	29	.516	—



